



**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**THIRD QUARTER OF FISCAL 2021**  
**THREE AND NINE MONTHS ENDED JUNE 30, 2021 AND 2020**  
**UNAUDITED**  
**(EXPRESSED IN UNITED STATES DOLLARS)**

## **Management's Responsibility for Financial Reporting**

Management is responsible for the preparation of the unaudited condensed interim consolidated financial statements. These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting" using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced. Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

The Board of Directors of the Company is responsible for ensuring that Management fulfills its responsibilities for financial reporting. An Audit Committee comprised of members of the Board of Directors assists the Board of Directors in fulfilling this responsibility. The members of the Audit Committee are not officers of the Company. The committee meets various times during the year and at least once per year with the external auditors, with and without Management being present, to review the financial statements and to discuss audit and internal control related matters.

The Audit Committee of the Board of Directors approved the Company's unaudited condensed interim consolidated financial statements.

"Juan Gavidia"  
Juan Gavidia  
Chief Executive Officer

"Nuria Menéndez"  
Nuria Menéndez  
Chief Financial Officer

**ORVANA MINERALS CORP.****Condensed Interim Consolidated Statements of Net Income (loss) and Comprehensive Income (loss)**

Unaudited

(in thousands of United States dollars)

	Three months ended		Nine months ended	
	June 30,		June 30,	
	2020		2020	
	(revised		(revised	
	2021	note 2)	2021	note 2)
<b>Revenue (note 4)</b>	\$ 32,800	\$ 19,142	\$ 80,293	\$ 69,407
<b>Cost of sales</b>				
Mining costs (note 5)	22,516	15,187	55,053	59,848
Depreciation and amortization (note 13)	5,143	3,923	12,090	13,109
Impairment charge	-	-	-	1,854
	27,659	19,110	67,143	74,811
<b>Gross margin</b>	5,141	32	13,150	(5,404)
<b>Expenses</b>				
General and administrative (note 6)	2,791	1,513	6,041	3,007
Exploration	1,586	355	3,395	1,030
Community relations	(17)	86	234	262
Other (income) expense (note 7)	(61)	110	(380)	(1,357)
Finance costs (note 8)	319	413	998	960
Derivative instruments loss (note 9)	-	2,805	-	4,328
	4,618	5,282	10,288	8,230
<b>Income (loss) before income taxes</b>	523	(5,250)	2,862	(13,634)
<b>Provision for (recovery of) income taxes</b>				
Current income tax (note 18.a)	-	-	-	-
Deferred income tax cost (recovery) (note 18.a)	1,400	(539)	2,638	(3,402)
	1,400	(539)	2,638	(3,402)
<b>Net income (loss)</b>	\$ (877)	\$ (4,711)	\$ 224	\$ (10,232)
<b>Other comprehensive income</b>	40	-	40	-
<b>Comprehensive income</b>	(837)	(4,711)	264	(10,232)
Net income (loss) per share (note 10)				
Basic and diluted	\$ (0.01)	\$ (0.03)	\$ 0.00	\$ (0.07)

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

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

	Three months ended June 30,		Nine months ended June 30,	
	2021	2020	2021	2020
<b>Operating activities</b>				
Net income (loss)	\$ (877)	\$ (4,711)	\$ 224	\$ (10,232)
Adjustments for:				
Depreciation and amortization	5,144	3,925	12,094	13,114
Impairment	-	-	-	1,854
Loss (gain) on disposal of assets and PPE write-offs	(32)	-	160	(736)
Accretion	112	110	339	325
Amortization of deferred financing fees	12	15	39	57
Stock-based compensation (note 19)	-	8	-	24
Long-term compensation	1,674	609	2,607	727
Deferred income tax (recovery) (note 18)	1,400	(539)	2,638	(3,402)
Foreign exchange (gain) loss	167	(49)	439	193
Derivative instruments unrealized loss (note 9)	-	1,795	-	2,731
	7,600	1,163	18,540	4,655
<b>Changes in non-cash working capital</b>				
Concentrate and doré sales receivables	(620)	(520)	(42)	(144)
Value added taxes and other receivables and prepaid expenses	1,771	41	694	(485)
Inventory	1,701	(2,968)	(4,582)	199
Accounts payable and accrued liabilities	224	1,434	114	(3,006)
Provision for statutory labour obligations	50	35	124	(3,167)
Income taxes payable (receivable)	(1,629)	(7)	(1,258)	(9)
	1,497	(1,985)	(4,950)	(6,612)
<b>Cash provided by (used in) operating activities</b>	9,097	(822)	13,590	(1,957)
<b>Investing activities</b>				
Capital expenditures	(4,798)	(337)	(11,100)	(4,979)
Restricted cash	42	(38)	348	(565)
Proceeds from sale of property, plant and equipment	-	-	524	1,326
<b>Cash used in investing activities</b>	(4,756)	(375)	(10,228)	(4,218)
<b>Financing activities</b>				
EMIPA (note 15)				
Repayment of TSF Loan	-	-	-	(1,418)
Repayment of Heavy Equipment Loan	-	(68)	(157)	(475)
Proceeds from (repayment of) Restructuring Loan	-	-	(3,000)	3,000
Proceeds from Short Term Loan	-	-	2,952	-
Repayment of Banco de Crédito Loan	-	-	-	(493)
Orovalle (note 15)				
Proceeds from (repayment of) Revolving Lines	191	(973)	125	(958)
Proceeds from (repayment of) of Spanish Banking Facility	(1)	169	(1,164)	(864)
Proceeds from (repayment of) COVID-19 Related Facilities	(1,447)	4,256	(601)	4,256
Proceeds from Bankia Loan	-	-	663	-
Repayment of Bankia Loan	(72)	-	(120)	-
Repayment of Bankinter Loan	-	(103)	-	(309)
Proceeds from other bank debt	-	8	-	8
Repayment of lease liabilities (note 16)	(416)	(225)	(1,344)	(783)
<b>Cash provided by financing activities</b>	(1,745)	3,064	(2,646)	1,964
<b>Change in cash and cash equivalents</b>	2,596	1,867	716	(4,211)
<b>Cash, beginning of the period</b>	13,390	6,256	15,572	12,351
Effect of exchange rate change on cash	(50)	(77)	(352)	(94)
<b>Cash, end of period</b>	\$ 15,936	\$ 8,046	\$ 15,936	\$ 8,046

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

**ORVANA MINERALS CORP.**  
**Condensed Interim Consolidated Balance Sheets**  
**Unaudited**  
**(in thousands of United States dollars)**

	<b>As at June 30, 2021</b>	<b>As at September 30, 2020</b>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 15,936	\$ 15,572
Restricted cash (note 11)	87	103
Concentrate and doré sales receivables	1,235	1,193
Value added taxes (note 18.b)	3,129	4,219
Other receivables and prepaid expenses	731	742
Inventory (note 12)	17,268	12,108
Income tax receivable	2,305	1,047
	<b>40,691</b>	<b>34,984</b>
Assets held for sale (note 3.b)	1,440	1,924
Total current assets	<b>42,131</b>	<b>36,908</b>
Non-current assets		
Value-added taxes (note 18.b)	9,932	9,526
Other assets	119	118
Restricted cash (note 11)	1,227	1,559
Reclamation bonds (note 11)	9,137	8,886
Deferred income tax asset	12,284	14,922
Inventory (note 12)	5,661	5,661
Property, plant and equipment (note 13)	70,555	73,365
	<b>\$ 151,046</b>	<b>\$ 150,945</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities (note 14)	\$ 31,825	\$ 32,496
Provision for statutory labour obligations (note 3)	1,207	1,083
Debt (note 15)	12,122	13,495
Lease liabilities (note 16)	1,636	1,037
	<b>46,790</b>	<b>48,111</b>
Non-current liabilities		
Decommissioning liabilities (note 17)	22,246	21,819
Debt (note 15)	5,947	5,670
Lease liabilities (note 16)	347	1,820
Other liabilities (note 18.b)	666	845
Long-term compensation (note 20 (b))	3,814	1,708
	<b>79,810</b>	<b>79,973</b>
<b>Shareholders' equity</b>		
Share capital (note 19)	116,206	116,206
Contributed surplus	3,871	3,871
Accumulated other comprehensive income	40	-
Accumulated deficit	(48,881)	(49,105)
	<b>71,236</b>	<b>70,972</b>
	<b>\$ 151,046</b>	<b>\$ 150,945</b>

Commitments and contingent liabilities (note 22)

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

**ORVANA MINERALS CORP.****Condensed Interim Consolidated Statements of Changes in Shareholders' Equity**

Unaudited

(in thousands of United States dollars)

	Share Capital	Contributed Surplus	Retained Earnings	Accumulated other comprehensive income	Total
<b>Balance, October 1, 2020</b>	\$ 116,206	3,871	(49,105)	-	70,972
Remeasurement of financial asset through other comprehensive income	-	-	-	40	40
Net loss	-	-	224	-	224
<b>Balance, June 30, 2021</b>	\$ 116,206	3,871	(48,881)	40	71,236

  

	Share Capital	Contributed Surplus	Retained Earnings	Total
<b>Balance, October 1, 2019</b>	\$ 116,206	3,840	(47,513)	72,533
Stock-based compensation	-	24	-	24
Net loss	-	-	(10,232)	(10,232)
<b>Balance, June 30, 2020</b>	\$ 116,206	3,864	(57,745)	62,325

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

# **ORVANA MINERALS CORP.**

## **Notes to the condensed interim consolidated financial statements**

### **Unaudited**

**(in thousands of United States dollars unless otherwise noted)**

**Three and nine months ended June 30, 2021 and 2020**

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#### **1. Nature of operations and corporate information**

Orvana Minerals Corp. (the "Company" or "Orvana") is a Canadian mining and exploration company involved in the evaluation, development and mining of precious and base metal deposits. The Company owns and operates the underground gold, copper and silver El Valle Mine and Carlés Mine in the Rio Narcea Gold Belt in northern Spain (collectively "El Valle"), which is held indirectly through its wholly-owned subsidiary, Orovalle Minerals S.L., ("Orovalle"). The Company also owns the Don Mario Operations ("Don Mario") in south eastern Bolivia which is held indirectly through its wholly-owned subsidiary, Empresa Minera Paititi S.A. ("EMIPA"). During the first quarter of fiscal 2020 the Company suspended mining and milling operations at Don Mario.

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

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

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

#### **COVID-19 Estimation Uncertainty**

In March 2020 the World Health Organization declared the COVID-19 outbreak to be a global pandemic. The situation is dynamic with countries around the world responding in different ways to address the outbreak. The COVID-19 pandemic is 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,

## **ORVANA MINERALS CORP.**

### **Notes to the condensed interim consolidated financial statements**

#### **Unaudited**

**(in thousands of United States dollars unless otherwise noted)**

**Three and nine months ended June 30, 2021 and 2020**

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

## **2. Basis of preparation**

The Company prepares its condensed interim consolidated financial statements in accordance with IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board (“IASB”) which do not include all of the information required for full annual consolidated financial statements. Accordingly, certain information and disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) have been omitted or condensed and these condensed interim consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended September 30, 2020.

The accounting policies applied in preparation of these condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company’s audited consolidated financial statements for the year ended September 30, 2020.

The preparation of these condensed interim consolidated financial statements requires the use of certain significant accounting estimates and judgments by management in applying the Company’s accounting policies. The areas involving significant judgments and estimates have been set out in note 4 of the Company’s consolidated financial statements for the year ended September 30, 2020. The comparative information in the condensed consolidated statement of net income (loss) and comprehensive income (loss) for the three and nine month periods ended June 30, 2020 was revised to reflect settlements related to commodity derivative contracts in the amount of \$1.5 million and \$2.1 million, respectively, as derivative instrument loss (within expenses) that were previously presented within revenues. This classification is consistent with the reporting of this item in the annual fiscal 2020 consolidated financial statements. The revision resulted in a decrease to previously reported revenues and gross margin with a corresponding increase to derivative instrument loss (within expenses). There is no impact to net income (loss) and comprehensive income (loss) and cash flows are unchanged.

These consolidated financial statements were approved by the Board of Directors of the Company on August 9, 2021.

## **3. Restructuring in EMIPA**

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

### **a) Labour obligations**

As a consequence of suspending the mining and milling operations at EMIPA, during the first quarter of fiscal 2020 the Company started a restructuring process which included a collective layoff of 182 full-time employees. During fiscal 2020 the Company recorded a charge of \$2,572, and a charge of \$52 and \$151 for the three and nine month period ended June 30, 2021 (\$24 and \$2,544 for the three and nine month period ended June 30, 2020) (Refer to note 5 – Mining costs) in connection with the restructuring process.

As at June 30, 2021, the Company had a provision for statutory labour obligations of \$1,207 and other related labour obligations included in accounts payables and accrued liabilities of \$1,462 (September 30, 2020 - \$ 1,083 and \$ 1,323, respectively). Certain former employees of EMIPA affected by the restructuring process decided not to accept the dismissal terms provided. See further information about this process in note 22.f. The Company expects to complete the restructuring program in fiscal 2021.

## ORVANA MINERALS CORP.

### Notes to the condensed interim consolidated financial statements

#### Unaudited

(in thousands of United States dollars unless otherwise noted)

Three and nine months ended June 30, 2021 and 2020

#### b) Assets held for sale

The Company is actively working to sell certain mining equipment and related spare parts. During fiscal 2020 these assets were classified as held for sale.

During the first nine months of fiscal 2021, the Company sold certain mining equipment and spare parts. As at June 30, 2021, mining equipment held for sale amounted to \$1,133 and spare parts to \$307 (September 30, 2020 - \$1,403 and \$521 respectively). The company received \$524 cash from assets sold.

Security for the BISA Heavy Equipment Loan is tied to some of the assets held for sale (Refer to note 15 - Debt).

#### 4. Revenue

	For the three months ended June 30,		For the nine months ended June 30,	
	2021	2020	2021	2020
Gold-copper concentrate	\$ 22,079	8,724	58,032	37,092
Doré	11,323	9,790	22,660	31,687
Subtotal	\$ 33,402	18,514	80,692	68,779
Provisional invoicing adjustments	(602)	628	(399)	628
Total revenue	\$ 32,800	19,142	80,293	69,407

#### 5. Mining costs

Mining costs include mine production costs, transport costs, royalty expenses, site administration costs, applicable stripping costs and other related costs, but not the primary mine development costs, which are capitalized and depreciated over the specific useful life and are included in depreciation and amortization. The mining costs for the three and nine months ended June 30, 2021 and 2020 relate to El Valle and Don Mario.

	For the three months ended June 30,		For the nine months ended June 30,	
	2021	2020	2021	2020
Direct mining costs <sup>(1)</sup>	\$ 21,432	\$ 14,521	\$ 52,356	\$ 57,160
Royalties and mining rights <sup>(2)</sup>	1,084	666	2,697	2,401
Mining royalty taxes <sup>(3)</sup>	-	-	-	287
Total mining costs	\$ 22,516	\$ 15,187	\$ 55,053	\$ 59,848

(1) Restructuring costs in EMIPA for the amount of \$ 151, for the nine months ended June 30, 2021, are included in direct mining costs (see note 3). For the nine months ended June 30, 2020 the amount was \$ 2,544.

(2) Royalties and mining rights refer to royalties payable to third parties in respect of El Valle and Don Mario.

(3) Mining royalty taxes in fiscal 2020 refers to amounts payable to government authorities in respect of Don Mario.

#### 6. General and administrative expenses

	For the three months ended June 30,		For the nine months ended June 30,	
	2021	2020	2021	2020
Salaries, directors' fees and office administration	\$ 772	\$ 593	\$ 2,586	\$ 1,963
Depreciation	1	2	4	5
Stock-based compensation expense	-	8	-	24
Long-term compensation	1,675	609	2,607	727
Foreign exchange	343	301	844	288
Total general and administrative expenses	\$ 2,791	\$ 1,513	\$ 6,041	\$ 3,007

## ORVANA MINERALS CORP.

### Notes to the condensed interim consolidated financial statements

#### Unaudited

(in thousands of United States dollars unless otherwise noted)

Three and nine months ended June 30, 2021 and 2020

#### 7. Other (income) expense

	For the three months ended		For the nine months ended	
	2021	June 30, 2020	2021	June 30, 2020
Provision for (recovery of) VAT – EMIPA	\$ -	\$ (148)	\$ (141)	\$ (725)
Write-off of fixed assets – EMIPA	(57)	-	95	-
Write-off of fixed assets – Orovalle	25	-	105	-
Write-off of fixed assets – Corporate office	-	-	-	4
Gain on sale of assets - EMIPA	-	-	-	(740)
Gain on sale of assets held for sale	-	-	(40)	-
Loss from sale of obsolete inventories at EMIPA	-	155	-	366
Miscellaneous other (income) expense	(29)	103	(399)	(262)
Total other (income) expense	\$ (61)	\$ 110	\$ (380)	\$ (1,357)

#### 8. Finance costs

	For the three months ended		For the nine months ended	
	2021	June 30, 2020	2021	June 30, 2020
Interest on credit facilities and debt	\$ 31	\$ 206	\$ 438	\$ 512
Accretion lease liability	8	5	28	13
Accretion expense on decommissioning obligations	104	102	314	305
Other interest (income) expense	157	95	154	83
Financing fees	19	5	64	47
Total finance costs	\$ 319	\$ 413	\$ 998	\$ 960

#### 9. Derivative instruments

	For the three months ended		For the nine months ended	
	2021	June 30, 2020	2021	June 31, 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)

#### 10. Net income (loss) per share

	For the three months ended		For the nine months ended	
	2021	June 30, 2020	2021	June 30, 2020
Net income (loss)	\$ (877)	\$ (4,711)	\$ 224	\$ (10,232)
Weighted average number of common shares outstanding – basic and diluted	136,623,171	136,623,171	136,623,171	136,623,171
Net income (loss) per share – basic and diluted	\$ (0.01)	\$ (0.03)	\$ 0.00	\$ (0.07)

#### 11. Restricted cash and reclamation bonds

##### Restricted cash

Short-Term Restricted cash as at June 30, 2021 was \$87 and consists of warranties provided to the government and required for appealing in labour courts (September 30, 2020, \$103).

Long-term restricted cash as at June 30, 2021 was \$1,227 (September 30, 2020 – \$1,559). At June 30, 2021 and 2020 this restricted cash consisted mainly of cash required by local Spanish banks in connection with the Spanish banking facility.

## ORVANA MINERALS CORP.

### Notes to the condensed interim consolidated financial statements

#### Unaudited

(in thousands of United States dollars unless otherwise noted)

Three and nine months ended June 30, 2021 and 2020

#### Reclamation bonds

At June 30, 2021, reclamation bonds were \$9,137 (September 30, 2020 – \$8,886) and are expected to be released after all reclamation work at Orovalle has been completed. Prior to its acquisition by Orovalle, El Valle had been shut down by the owner thereof and remediation measures required were completed. On Orovalle's acquisition of El Valle a reclamation bond of €0.9 million was deposited, as required by Spanish mining regulations. Since then, additional reclamation bonds in the total amount of €6.8 million were deposited by Orovalle, mainly relating to its tailings facility. At June 30, 2021 reclamation bonds backed by cash were \$2,028 and \$7,109 were backed by an investment in a Fund (see note 24 for valuation criteria of this investment). At September 30, 2020, 2021 \$8,886 were backed by cash.

In April 2021 Orovalle invested €6 million (\$7.1 million approximately) of cash regarding reclamation bonds in a Fund with the following characteristics:

- Denomination: Amundi Funds Protect 90.
- Fund Management: Amundi Luxembourg S.A.
- Objective: To provide a participation in financial market evolution while also providing permanent partial protection of the investment. The Fund is designated to ensure that its share price does not fall below 90% of the highest net asset value recorded from June 5, 2020.
- Investments: The Fund invests around the world in all types of asset classes, allocating between a growth component (diversified higher risk investments) and a conservative component (lower risk investments).
- Base currency: EUR

Orovalle made an irrevocable election at the initial recognition to recognise the fair value changes through other comprehensive income. During the three and nine months ended June 30, 2021 the total fair value variation of this asset was \$40.

#### 12. Inventory

		June 30, 2021		September 30, 2020
Ore in stockpiles	\$	366	\$	899
Ore in-process		1,194		941
Doré		2,143		160
Gold-Copper concentrates		7,409		4,415
Materials and supplies		6,156		5,693
	\$	17,268	\$	12,108
Long-term materials and supplies	\$	3,369	\$	3,369
Long-term ore in stockpiles		2,292		2,292
	\$	22,929	\$	17,769

The Company recognized \$26,324 and \$63,727 of inventory in cost of sales for the three and nine months ended June 30, 2021, respectively (three and nine months ended June 30, 2020 - \$18,293 and \$69,730, respectively).

## ORVANA MINERALS CORP.

### Notes to the condensed interim consolidated financial statements

#### Unaudited

(in thousands of United States dollars unless otherwise noted)

Three and nine months ended June 30, 2021 and 2020

### 13. Property, plant and equipment

	Land	Plant and equipment	Furniture and equipment	Mineral properties in production	Total
Net book value, September 30, 2020	\$2,011	\$41,859	\$338	\$29,157	\$73,365
Additions	-	5,804	162	3,980	9,946
Write-offs	-	(550)	(20)	-	(570)
Change in decommissioning assets	-	114	-	-	114
Depreciation <sup>(1)</sup>	-	(5,134)	(153)	(7,013)	(12,300)
Net book value, June 30, 2021	\$2,011	\$42,093	\$327	\$26,124	\$70,555
Total cost	2,011	158,435	3,129	138,698	302,273
Total accumulated depreciation	-	(116,342)	(2,802)	(112,574)	(231,718)
Net book value, June 30, 2021	\$2,011	\$42,093	\$327	\$26,124	\$70,555

(1) Depreciation includes amounts recorded in inventory.

### Impairment Sensitivity

The total public market capitalization of the Company continues to fall below the carrying amount of Orvana's net assets at June 30, 2021. The Company updated the impairment assessment in respect of each CGU at June 30, 2021 and 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 below.

Management projected cash flows over the remaining life of mine in respect of Orovalle and EMIPA is determined using forecasted production (based on reserves and resources and recovery rates) 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.

Management used a long-term price per ounce of gold of between \$1,810 to \$1,830 to perform its impairment assessments for Orovalle and EMIPA as at June 30, 2021. A 5% decrease in the long-term price per ounce would have resulted in no impairment at Orovalle or EMIPA. The 5% decrease in gold price was not modeled with a corresponding depreciation in EUR.

Management used long-term Euro/USD exchange rates between 1/1.15 to 1/1.21 to perform its impairment assessments for Orovalle as at June 30, 2021. A 5% depreciation of the annual Euro/USD exchange rates would have resulted in no impairment at Orovalle and no impairment at EMIPA. The 5% depreciation in Euro/USD exchange rate was not modeled with a corresponding increase in gold price.

### Right of Use assets

Equipment includes Right Of Use ("ROU") assets under lease contracts which amounted to \$2,266 at June 30, 2021. During the nine months ended June 30, 2021, there were additions of ROUs for \$392 and depreciation was \$1,208.

### Paid and unpaid Capital Expenditures

On the consolidated statement of cash flow for the nine months ended June 30, 2021, capital expenditures exclude approximately \$3,629 of capital expenditures incurred but unpaid as at June 30, 2021 (June 30, 2020 - \$5,147) and include \$4,702 of capital expenditures incurred in fiscal 2020 but unpaid as at September 30, 2020 (September 30, 2019 - \$2,769).

### 14. Accounts payable and accrued liabilities

	June 30, 2021	September 30, 2020
Accounts payable	\$ 25,037	\$ 26,979
Accrued liabilities	6,788	5,517
Total accounts payable and accrued liabilities	\$ 31,825	\$ 32,496

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#### 15. Debt

	June 30, 2021	September 30, 2020
TSF Loan – EMIPA	2,124	2,124
Heavy Equipment - 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 facilities - Orovalle	5,900	6,423
Bankia Loan – Orovalle	543	-
	18,069	19,165
Less: current portion	(12,122)	(13,495)
	\$ 5,947	\$ 5,670

#### TSF Loan - EMIPA

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

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

For the three and nine months ended June 30, 2021, the Company paid \$nil and \$29, respectively, in interest on the BISA TSF Loan (June 30, 2020 – \$46 and \$104, respectively).

#### Heavy Equipment Loan - EMIPA

In May 2018, EMIPA entered into a Bs.16,514,688 (approximately \$2,373) term facility with BISA in Bolivia, the proceeds of which were used to purchase heavy equipment (“Heavy Equipment Loan”). The Heavy Equipment Loan bears an interest rate of 5.5% per annum. This Loan will be repaid in 36 equal repayments beginning in June 2018 (refer to note 1 with regard to term extension).

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

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

For the three and nine months ended June 30, 2021, the Company paid \$nil and \$3, respectively, in interest on the BISA Heavy Equipment Loan (June 30, 2020 – \$144 and \$304, respectively).

#### Restructuring Loan - EMIPA

In February 2020, EMIPA entered into a Bs.20,880,000 (\$3,000) short term financing facility with BISA in Bolivia, the proceeds of which were used for the labor restructuring process (refer to Note 3). The facility bore 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.

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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 \$180, 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) 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 assets at Don Mario, 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 \$1,334. For the three and nine months ended June 30, 2021, the Company paid \$3 and \$7 in interest, respectively, on the revolving facilities in Orovalle (June 30, 2020 – \$9 and \$37, 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 (in USD, \$ 6,741). 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
<b>Totals (€ 000s)</b>		€ 8,000	€ 8,000	€4,000	€4,000
<b>Totals (\$ 000s)</b>		\$9,507	\$9,507	\$4,817	\$4,690

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Terms and conditions summary:

Facility	Bank	Contract date	Interest rate	Repayment period	Interest expensed current year	Interest paid current year	Covenants
Loan	Bankia	Jan'19	2.55%	4 years	€ 33	€ 28	Yes
	BBVA	Jan'19	2.55%	4 years	29	22	Yes
	Sabadell	Jan'19	2.55%	4 years	28	21	Yes
<b>Totals (€ 000s)</b>					€90	€71	
<b>Totals (\$ 000s)</b>					\$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 facilities – Orovalle

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

Facility	Bank	Principal (€ 000)	Proceeds up until June, 30 2021 (000s)	Repayments up until June, 30 2021 (000s)	Outstanding balance, June 30 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
<b>Totals (€ 000s)</b>		€ 6,497	€7,858	€2,894	€4,964
<b>Totals (\$ 000s)</b>		\$7,721	\$9,338	\$3,438	\$5,900

Terms and conditions summary:

Facility	Bank	Contract date	Interest rate	Repayment period	Interest expensed current year (000s)	Interest paid current year (000s)	ICO security (% of the principal)	Covenants
Loan	Bankinter	Apr'20	1.50%	1 year	€ 9	€ 15	70%	No
	Bankinter	Apr'20	1.60%	3 years	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
<b>Totals (€ 000s)</b>					€52	€58		
<b>Totals (\$ 000s)</b>					\$62	\$69		

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#### Bankia Loan - Orovalle

In February 2021, Orovalle entered into a loan with Bankia. The principal amounted to €547 at a fixed annual interest rate of 1.3%. This loan matures in February 2023. For the nine months ended June 30, 2021, the Company paid \$120 in principal and \$2 in interest.

#### 16. Lease liabilities

As of June 30, 2021, the Company has lease liabilities for machinery and light vehicles amounting to \$1,983 (September 30, 2020 - \$2,857). During the three and nine month period ended June 30, 2021, the Company made lease payments of \$416 and \$1,344 respectively (three and nine month periods ended June 30, 2020 - \$225 and \$783 respectively). These leases are payable in monthly installments at annual interest rates ranging from 1.38% to 2.60%. The accretion expense on lease liabilities amounted to \$28 during the nine-month ended June 30, 2021.

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

	June 30, 2021	September 30, 2020
Fiscal 2021	442	1,600
2022	1,542	1,283
2023	24	23
	2,008	2,906
Amount representing interest (at 2.02% Fiscal 2021 / at 2.04% Fiscal 2020)	(25)	(49)
	1,983	2,857
Less: current portion of lease liability	(1,636)	(1,037)
Total long-term obligations lease liability	\$ 347	\$ 1,820

#### 17. 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 summarizes the changes in decommissioning liabilities during the periods presented:

	Nine-months ended June 30, 2021	Year ended September 30, 2020
Balance, beginning of period	\$ 21,819	\$ 20,727
El Valle		
- Foreign exchange	114	1,053
- Timing of payments and discount rates	(1)	44
Don Mario		
- Foreign exchange	-	-
- Timing of payments and discount rates	-	(412)
	21,932	21,412
Accretion expense in El Valle	129	187
Accretion expense in Don Mario	185	220
Total decommissioning liabilities	\$ 22,246	\$ 21,819

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The decommissioning liability balance consists of:

	June 30, 2021	September 30, 2020
El Valle	\$ 15,393	\$ 15,151
Don Mario	6,853	6,668
Total decommissioning liabilities	\$ 22,246	\$ 21,819

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

	Undiscounted Cash Flows Required to Settle Decommissioning Liabilities	Discount Rate	Discounted Cash Flows Required to Settle Decommissioning Liabilities
El Valle <sup>(1)</sup>	\$ 16,848	1.11%	\$ 15,393
Don Mario <sup>(1)</sup>	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.

Reclamation bonds totaled approximately \$9,137 at June 30, 2021 (September 30, 2020 – \$8,886) and are expected to be released after all reclamation work has been completed in respect of El Valle. Refer to note 11 – Restricted cash and reclamation bonds.

## 18. Taxes

### (a) Income taxes

Deferred tax balances are subject to remeasurement for changes in currency exchange rates for each period.

	For the three months ended June 30,		For the nine months ended June 30,	
	2021	2020	2021	2020
Deferred income tax:				
Reversal of temporary differences in Orovalle	\$ 1,585	-	\$ 3,877	-
Origination of temporary differences in EMIPA	(185)	(539)	(1,239)	(3,402)
Total deferred tax expense (recovery)	1,400	(539)	2,638	(3,402)

Tax prepayments by EMIPA during the three and nine months ended June 30, 2021 totaled \$57 and \$237, respectively (three and nine months ended June 30, 2020 - \$0 and \$220, respectively). Tax prepayments by Orovalle during the three and nine months ended June 30, 2021 totaled \$1,280 and \$1,629, respectively (three and nine months ended June 30, 2020 - \$40 and \$280, respectively).

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#### (b) Value added taxes

The following table summarizes the changes in VAT assets:

	Nine month ended June 30, 2021	Year ended September 30, 2020	Nine month ended June 30, 2020
At beginning of period	\$ 13,745	\$ 19,424	19,424
Additions <sup>(1)</sup>	9,437	10,880	7,496
Recoveries <sup>(2)</sup>	(10,121)	(16,882)	(7,026)
Reversal of provision for uncollectible VAT <sup>(3)</sup>	-	323	59
At end of period	\$ 13,061	\$ 13,745	19,953
Current	\$ 3,129	\$ 4,219	11,025
Long term	\$ 9,932	\$ 9,526	8,928

(1) In the additions for the nine-month period ended June 30, 2021 \$76 are from corporate (\$ 84 in June 30, 2020), \$283 from EMIPA (\$538 in June 30, 2020), \$8,954 from Orovalle (\$6,874 in June 30, 2020) and \$124 are from Orvana Argentina (\$nil in June 30, 2020).

(2) In the recoveries for the nine-month period ended June 30, 2021, \$72 are from Corporate (\$62 in June 30, 2020), \$348 from EMIPA (\$nil in June 30, 2020) and \$9,701 from Orovalle (\$6,964 in June 30, 2020).

(3) All the provision for uncollectible VAT is related to EMIPA.

The following table summarizes the changes in VAT provisions:

	Nine month ended June 30, 2021	Year ended September 30, 2020	Nine month ended June 30, 2020
At beginning of period	\$ 845	\$ 1,440	1,440
Additions	-	-	-
Reversals	(179)	(595)	(572)
At end of period <sup>(1)</sup>	\$ 666	\$ 845	868
Current	\$ -	\$ -	-
Long term	\$ 666	\$ 845	868

(1) All the VAT provision are from EMIPA. The provision refers only to those tax filings that have a certification of tax reimbursement in progress (CEDEIMS in Bolivian regulation).

#### 19. Share capital and warrants

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

#### Warrants

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

#### 20. Share based payments

##### (a) Stock options

There were no stock options transactions during fiscal 2021, and the balance remains the same as at September 30, 2020.

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

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

Grant date	Fair value US\$000's	Number of unvested options	Weighted average contractual life (in years)	Number of vested options	Exer- cise price C\$	Expiry date
December 21, 2017	208	-	1.48	646,008	0.21	December 21, 2022
	\$ 208	-		646,008		
Total vested and unvested options				646,008		

During the three and nine month period ended June 30, 2021, the company recognized stock-based compensation expense of \$nil and \$nil respectively (June 30, 2020 – \$8 and \$24 respectively).

The weighted-average grant date fair value of the options are expensed over the vesting periods of the options being 36 months from the grant dates.

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

#### (b) Long-term compensation

##### (i) Deferred share unit (“DSU”) plan

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

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

	Number of DSUs	Fair value
Balance, September 30, 2020	7,491,506	\$ 1,404
Issued	1,188,924	365
Mark-to-market adjustment	-	1,032
Balance, June 30, 2021	8,680,430	\$ 2,801

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

The Company established a 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 consolidated statements of net loss and comprehensive loss, as described in accounting policy per Note 2 (o) of the September 30, 2020 annual consolidated Financial Statements. The fair value of the RSUs are marked to the quoted market price of the Company's common shares at each reporting date and changes in their fair value are recorded under general and administrative expenses. Payouts are settled in cash after a specified period of vesting, based on the market price of the common shares at vesting.

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

	Number of RSUs	Fair Value
Balance, September 30, 2020 <sup>(1)</sup>	9,051,369	\$ 648
Issued	2,079,642	500
Forfeited	(952,768)	(63)
Mark-to-market adjustment	-	773
Balance, June 30, 2021	10,178,243	\$ 1,858

(1) 2,877,858 units due in the short-term, with a fair value of \$845, are classified in "Accounts payable and accrued liabilities".

#### (iii) Stock appreciation rights ("SAR") plan

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

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

## 21. Compensation of key management

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

	For the three months ended June 30,		For the nine months ended June 30,	
	2021	2020	2021	2020
Salaries and short term employee benefits	\$ 160	\$ 95	\$ 692	\$ 437
Share-based payments <sup>(1)</sup>	1,675	617	2,607	760
Director Fees	74	65	216	215
Total compensation of key management	\$ 1,909	\$ 777	\$ 3,515	\$ 1,412

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

## 22. Commitments and contingent liabilities

(a) The Company's mining and exploration activities are subject to various government laws and regulations relating to the protection of the environment. Spanish Water Authority has taken the position that the levels of selenium in the river flowing past El Valle Mine exceed the levels permitted by applicable regulations as a result of discharges attributed to Orovalle which may not be in compliance with certain of Orovalle's permits. Orovalle has received approximately \$1,120 in fines relating to these matters and may face further additional fines or other sanctions, including the revocation or suspension of certain permits, in the future. Orovalle is appealing the outstanding fines \$737 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.

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- (b) On June 27, 2011, as a condition of receiving an environmental permit on that date, the Government of the Principality of Asturias, required Orovalle to commit to post an additional reclamation bond in the amount of €5,000 (approximately \$5,942) in respect of the tailings impoundment area. To satisfy this requirement, Orovalle deposited €5,000 (approximately \$5,942) in September 2011 in favour of the Spanish regulatory authorities. Spanish regulatory authorities have requested an additional reclamation bond totaling €5,000 (approximately \$5,942) be deposited in their favour to satisfy additional reclamation bond commitments in respect of the tailings impoundment area, the assessment of which the Company has contested. The Company is challenging the requirement to fund the additional reclamation bond through an administrative appeal process with the Spanish regulator. The 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 \$978 and \$2,362 for the three and nine months ended June 30, 2021, respectively (three and nine months ended June 30, 2020 - \$548 and \$1,939, respectively).
- (d) Production from Don Mario Mine is subject to a 3% NSR payable quarterly. Royalty expense under this NSR totaled \$106 and \$334 for the three and nine months ended June 30, 2021, respectively (three and nine months ended June 30, 2020 - \$118 and \$462, 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 \$287, 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" that the 80 Former Employees should be reinstated to their original job positions with the payment of the wages accrued since their dismissal. EMIPA subsequently filed a Constitutional Appeal to dispute the "reinstatement resolutions" on the basis that the dismissal process conducted by EMIPA during the restructuring process is in compliance with applicable employment laws. On June 11<sup>th</sup> 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.

### 23. Segmented information

The Company primarily manages its business on the basis of the geographical location of its units. The Company's operating segments are based on the reports reviewed by the senior management that are used to make strategic decisions. The Chief Executive Officer consider the business from a geographic perspective considering the performance of the Company's business unit. The reporting segments identified are the following:

- Spain – Orovalle Minerals, S.L. (Orovalle Operation)
- Bolivia – Empresa Minera Paitití, S.A. (Don Mario Operation)
- Argentina – Orvana Argentina, S.A. (Taguas Project)

## ORVANA MINERALS CORP.

### Notes to the condensed interim consolidated financial statements

#### Unaudited

(in thousands of United States dollars unless otherwise noted)

Three and nine months ended June 30, 2021 and 2020

The Company has administrative offices in Toronto, Canada; Stockholm, Sweden; and Nicosia, Cyprus.

The following is a summary of carrying amounts of assets and liabilities and the reported amounts of net income (loss) and by operating segment.

As at June 30, 2021:

	Cash and cash equivalents	Property, plant and equipment	Reclamation bonds and restricted cash	Other assets	Total assets
Orovalle	\$ 13,266	53,635	10,364	27,092	104,357
EMIPA	557	17,121	86	26,563	44,327
Orvana Argentina	64	-	1	125	190
Corporate	2,049	-	-	123	2,172
	\$ 15,936	70,756	10,451	53,903	151,046

As at September 30, 2020:

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

For the three months ended June 30, 2021:

	Revenue	Mining costs <sup>(1)</sup>	Depreciation/Amortization <sup>(2)</sup>	Other (recoveries) costs <sup>(3)</sup>	Income (loss) before taxes
Orovalle	\$ 32,800	20,941	5,104	1,036	5,719
EMIPA	-	1,575	39	17	(1,631)
Orvana Argentina	-	-	-	1,911	(1,911)
Corporate	-	-	1	1,653	(1,654)
	\$ 32,800	22,516	5,144	4,617	523

(1) Mining costs includes royalties, mining rights and mining taxes. Refer to note 4 – Mining costs.

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

(3) Other costs in Corporate includes (\$0.4) million exploration expenses. In Argentina, the \$1.9 million are exploration expenses.

For the three months ended June 30, 2020:

	Revenue	Mining costs <sup>(1)</sup>	Depreciation/Amortization <sup>(2)</sup>	Other (recoveries) costs	Income (loss) before taxes
Orovalle	\$ 17,617	13,971	3,838	1,723	(1,915)
EMIPA	-	1,217	86	578	(1,881)
Corporate	-	-	2	1,452	(1,454)
	\$ 17,617	15,188	3,926	3,753	(5,250)

(1) Mining costs includes royalties, mining rights and mining taxes. Refer to note 4 – Mining costs.

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

For the nine months ended June 30, 2021:

	Revenue	Mining costs <sup>(1)</sup>	Depreciation/Amortization <sup>(2)</sup>	Other (recoveries) costs	Income (loss) before taxes
Orovalle	\$ 80,293	51,222	11,967	1,708	15,396
EMIPA	-	3,831	123	568	(4,522)
Orvana Argentina	-	-	-	1,911	(1,911)
Corporate	-	-	4	6,097	(6,101)
	\$ 80,293	55,053	12,094	10,284	2,862

(1) Mining costs includes royalties, mining rights and mining taxes. Refer to note 4 – Mining costs.

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

(3) Other costs in Corporate includes \$1 million exploration expenses. In Argentina the \$1.9 million are exploration expenses.

## ORVANA MINERALS CORP.

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#### Unaudited

(in thousands of United States dollars unless otherwise noted)

Three and nine months ended June 30, 2021 and 2020

For the nine months ended June 30, 2020:

	Revenue	Mining costs <sup>(1)</sup>	Depreciation/Amortization <sup>(2)</sup>	Other (recoveries) costs	Income (loss) before taxes
Orovalle	\$ 63,296	48,581	12,416	3,043	(744)
EMIPA	3,999	11,268	693	1,589	(9,551)
Corporate		-	5	3,334	(3,339)
	\$ 67,295	59,849	13,114	7,966	(13,634)

(1) Mining costs includes royalties, mining rights and mining taxes. Refer to note 4 – Mining costs.

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

#### 24. Financial instruments and fair values

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

##### Fair value hierarchy

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

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

As at June 30, 2021	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Aggregate Fair value
Financial assets:				
Reclamation bonds	9,137	-	-	9,137
Concentrate and doré sales receivables	-	1,235	-	1,235
Total	\$ 9,137	\$ 1,235	\$ -	\$ 10,372
Financial liabilities:				
Long-term compensation	\$ -	\$ 3,814	\$ -	\$ 3,814
Total	\$ -	\$ 3,814	\$ -	\$ 3,814

##### Valuation techniques for Level 1:

*Reclamation bonds:* Part of the Reclamation bonds (\$7,109) are invested in a Fund. Every closing period the Company adjusts the fair value based on the market value of the Fund. The rest of the reclamation bonds are backed by cash.

##### Valuation techniques for Level 2:

*Concentrate and doré sales receivables:* The Company's concentrate and doré sales are subject to provisional pricing with the selling prices adjusted at the end of the quotational period. The Company's trade receivables

## **ORVANA MINERALS CORP.**

### **Notes to the condensed interim consolidated financial statements**

#### **Unaudited**

**(in thousands of United States dollars unless otherwise noted)**

**Three and nine months ended June 30, 2021 and 2020**

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are marked-to-market at each reporting period based on quoted forward prices for which there exists an active commodity market. These current assets are classified as level 2.

*Long-term compensation:* The Company's DSUs and RSUs are measured at fair value using the Black-Scholes model and are classified as Level 2.

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

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