



**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**THIRD QUARTER OF FISCAL 2022**  
**NINE MONTHS ENDED JUNE 30, 2022 AND 2021**  
**UNAUDITED**  
**(EXPRESSED IN UNITED STATES DOLLARS)**

August 10, 2022,

### **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 (Loss) Income and Comprehensive (Loss) Income Unaudited****(in thousands of United States dollars)**

	Three months ended		Nine months ended	
	June 30,		June 30,	
	2022	2021	2022	2021
<b>Revenue (note 4)</b>	\$ 18,450	\$ 32,800	\$ 66,955	\$ 80,293
<b>Cost of sales</b>				
Mining costs (note 5)	17,873	22,516	60,787	55,053
Depreciation and amortization (note 13)	3,874	5,143	11,618	12,090
	21,747	27,659	72,405	67,143
<b>Gross margin</b>	(3,297)	5,141	(5,450)	13,150
<b>Expenses</b>				
General and administrative (note 6)	(1,530)	2,791	871	6,041
Exploration	549	1,586	1,878	3,395
Community relations	35	(17)	107	234
Other (income) expense (note 7)	207	(61)	101	(380)
Finance costs (note 8)	289	319	1,035	998
Derivative instruments gains (note 9)	(358)	-	(871)	-
	(808)	4,618	3,121	10,288
<b>Income (loss) before income taxes</b>	(2,489)	523	(8,571)	2,862
<b>Provision for (recovery of) income taxes</b>				
Deferred income tax cost (recovery) (note 18.a)	(673)	1,400	(1,320)	2,638
	(673)	1,400	(1,320)	2,638
<b>Net income (loss)</b>	\$ (1,816)	\$ (877)	\$ (7,251)	\$ 224
<b>Other comprehensive income (note 11)</b>	(208)	40	(415)	40
<b>Net (loss) income and comprehensive (loss) income</b>	(2,024)	(837)	(7,666)	264
<b>Net income (loss) per share (note 10)</b>				
Basic and diluted	\$ (0.01)	\$ (0.01)	\$ (0.05)	\$ 0.00

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,	
	2022	2021	2022	2021
<b>Operating activities</b>				
Net income (loss)	\$ (1,816)	\$ (877)	\$ (7,251)	\$ 224
Adjustments for:				
Depreciation and amortization	3,874	5,144	11,618	12,094
Loss (gain) on disposal of assets and PPE write-offs	(20)	(32)	(41)	160
NPV adjustment in Argentina	-	-	130	-
Accretion	109	112	333	339
Amortization of deferred financing fees	117	12	231	39
Long-term compensation	(1,154)	1,674	669	2,607
Deferred income tax (recovery) (note 18)	(673)	1,400	(1,320)	2,638
Foreign exchange (gain) loss	(1,308)	167	(1,172)	439
Derivative instruments unrealized loss (note 9)	(290)	-	(803)	-
	(1,161)	7,600	2,394	18,540
<b>Changes in non-cash working capital</b>				
Concentrate and doré sales receivables	2,641	(620)	67	(42)
Value added taxes and other receivables and prepaid expenses	837	1,771	216	694
Inventory	(2,614)	1,701	(87)	(4,582)
Accounts payable and accrued liabilities	926	224	(79)	114
Provision for statutory labour obligations	25	50	(1,140)	124
Income taxes payable (receivable)	205	(1,629)	(1,375)	(1,258)
	2,020	1,497	(2,398)	(4,950)
<b>Cash provided by (used in) operating activities</b>	<b>859</b>	<b>9,097</b>	<b>(4)</b>	<b>13,590</b>
<b>Investing activities</b>				
Capital expenditures	(7,103)	(4,798)	(16,070)	(11,100)
Restricted cash	(18)	42	249	348
Proceeds from sale of property, plant and equipment	334	-	870	524
<b>Cash used in investing activities</b>	<b>(6,787)</b>	<b>(4,756)</b>	<b>(14,951)</b>	<b>(10,228)</b>
<b>Financing activities</b>				
EMIPA (note 15)				
Repayment of TSF Loan	(709)	-	(1,416)	-
Repayment of Heavy Equipment Loan	(54)	-	(526)	(157)
Repayment of Restructuring Loan	-	-	-	(3,000)
Proceeds from Short Term Loan	-	-	-	2,952
Orovalle (note 15)				
Proceeds from Revolving Lines	1,502	191	865	125
Repayment of of Spanish Banking Facility	(95)	(1)	(1,351)	(1,164)
Repayment of (Proceeds from) COVID-19 Related Facilities	(725)	(1,447)	(1,966)	62
Repayment of Bankia Loan	(89)	(72)	(260)	(120)
Repayment of (Proceeds from) Bankinter Loan	(92)	-	375	-
Proceeds from (Repayment of) Syndicated Loan – Orovalle and Iberia	(3,068)	-	12,933	-
Proceeds from Sabadell Loan - Orovalle	273	-	273	-
Repayment of lease liabilities (note 16)	(385)	(416)	(1,233)	(1,344)
<b>Cash provided by financing activities</b>	<b>(3,442)</b>	<b>(1,745)</b>	<b>7,694</b>	<b>(2,646)</b>
<b>Change in cash and cash equivalents</b>	<b>(9,370)</b>	<b>2,596</b>	<b>(7,261)</b>	<b>716</b>
<b>Cash, beginning of the period</b>	<b>13,583</b>	<b>13,390</b>	<b>11,327</b>	<b>15,572</b>
Effect of exchange rate change on cash	1,847	(50)	1,994	(352)
<b>Cash, end of period</b>	<b>\$ 6,060</b>	<b>\$ 15,936</b>	<b>\$ 6,060</b>	<b>\$ 15,936</b>

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

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

	As at June 30, 2022	As at September 30, 2021
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 6,060	\$ 11,327
Restricted cash (note 11)	96	85
Concentrate and doré sales receivables	164	231
Value added taxes (note 18.b)	3,467	3,722
Other receivables and prepaid expenses	625	1,561
Inventory (note 12)	16,079	15,192
Income tax receivable	3,639	2,264
Derivative instruments (note 9)	681	-
	30,811	34,382
Assets held for sale (note 3.b)	-	1,109
Total current assets	30,811	35,491
Non-current assets		
Value-added taxes (note 18.b)	11,148	10,291
Other assets	104	116
Restricted cash (note 11)	521	871
Reclamation bonds (note 11)	7,544	8,872
Deferred income tax asset (note 18.a)	14,014	12,694
Inventory (note 12)	5,376	5,661
Property, plant and equipment (note 13)	70,946	70,940
	\$ 140,464	\$ 144,936
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities (note 14)	\$ 28,570	\$ 31,600
Provision for statutory labour obligations (note 3)	110	1,250
Debt (note 15)	12,913	10,962
Lease liabilities (note 16)	395	1,519
Derivative instruments (note 9)	137	227
	42,125	45,558
Non-current liabilities		
Decommissioning liabilities (note 17)	21,899	23,296
Debt (note 15)	9,411	2,204
Lease liabilities (note 16)	130	24
VAT liabilities (note 18.b)	666	666
Long-term compensation (note 20 (b))	4,032	3,321
	78,263	75,069
<b>Shareholders' equity</b>		
Share capital (note 19)	116,206	116,206
Contributed surplus	3,871	3,871
Accumulated deficit	(57,876)	(50,210)
	62,201	69,867
	\$ 140,464	\$ 144,936

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 Shareholder's Equity**

Unaudited

(in thousands of United States dollars)

	Share Capital	Contributed Surplus	Retained Earnings	Other comprehensive income	Total
<b>Balance, October 1, 2021</b>	\$ 116,206	\$ 3,871	\$ (50,217)	\$ 7	\$ 69,867
Remeasurement of financial asset through other comprehensive income	\$ -	\$ -	\$ -	\$ (415)	\$ (415)
Net loss and comprehensive loss	\$ -	\$ -	\$ (7,251)	\$ -	\$ (7,251)
<b>Balance, June 30, 2022</b>	\$ 116,206	\$ 3,871	\$ (57,468)	\$ (408)	\$ 62,201

	Share Capital	Contributed Surplus	Retained Earnings	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 and comprehensive loss	\$ -	\$ -	\$ 224	\$ -	\$ 224
<b>Balance, June 30, 2021</b>	\$ 116,206	\$ 3,871	\$ (48,881)	\$ 40	\$ 71,236

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, 2022 and 2021

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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. Orvana's properties consist of:

- 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;
- Don Mario Operation ("Don Mario"), located in San Jose de Chiquitos, Southeastern Bolivia, consisting of 10 contiguous mineral concessions covering approximately 53,325 ha and the processing plant, currently in care and maintenance. Don Mario is managed by the Company's subsidiary Empresa Minera Paitití, S.A. ("EMIPA"); and
- The Taguas Property ("Taguas"), consisting of 15 mining concessions over an area of 3,273.87 ha, held by its subsidiary Orvana Argentina S.A. ("Orvana Argentina"). 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.

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 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 continues to make 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, Bolivia's and Argentina's Governments declared different rules since March 2020 to try to minimize the pandemic impact.

#### 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, 2021.

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, 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, 2022 and 2021

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, 2021.

These consolidated financial statements were approved by the Board of Directors of the Company on August 10, 2022.

### 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.

The Company recorded a charge of \$94 and \$121 for the three and nine month period ended June 30, 2022 (\$52 and \$151 for the three and nine month period ended June 30, 2021) (Refer to note 5 – Mining costs). As at June 30, 2022, the Company had a provision for statutory labour obligations of \$110 and other related labour obligations in accounts payables and accrued liabilities of \$391 (September 30, 2021 - \$1,250 and \$1,329, respectively).

Certain former employees of EMIPA affected by the restructuring process during the second quarter of fiscal 2020 decided not to accept the dismissal terms provided. See further information about this process in note 22.e. The Company expects to complete the restructuring program in 2022.

#### b) Assets held for sale

During the first nine months of fiscal 2022, the Company sold equipment and spare parts classified as held for sale for the amount of \$523 and reclassified as spare parts in use a total of \$250 (as at September 30, 2021, mining equipment held for sale amounted to \$780 and spare parts to \$329). The company received cash proceeds of \$870 from assets sold during first nine months of 2022. The final outstanding balance of assets held for sale is \$nil.

Security for the BISA Heavy Equipment Loan was 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,	
	2022	2021	2022	2021
Gold-copper concentrate	\$ 16,160	22,079	47,134	58,032
Doré	3,831	11,323	20,136	22,660
Subtotal	\$ 19,991	33,402	67,270	80,692
Provisional invoicing adjustments	(1,541)	(602)	(315)	(399)
Total revenue	\$ 18,450	32,800	66,955	80,293

### 5. Mining costs

Mining costs include mine production costs, transport costs, royalty expenses, site administration costs, care and maintenance costs, and other related costs, but not the primary mine development costs, incurred at El Valle, which are capitalized and depreciated over the specific useful life or reserves related to that development and are included in depreciation and amortization. The mining costs for the three and nine months ended June 30, 2022 and 2021 relate to El Valle and Don Mario are the following:

**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, 2022 and 2021**

	For the three months ended		For the nine months ended	
	2022	June 30, 2021	2022	June 30, 2021
Direct mining costs	\$ 16,993	\$ 21,432	\$ 58,235	\$ 52,356
Royalties and mining rights <sup>(1)</sup>	880	1,084	2,552	2,697
<b>Total mining costs</b>	<b>\$ 17,873</b>	<b>\$ 22,516</b>	<b>\$ 60,787</b>	<b>\$ 55,053</b>

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

**6. General and administrative expenses**

	For the three months		For the nine months ended	
	ended June 30, 2022	2021	2022	June 30, 2021
Salaries, directors' fees and office administration	\$ 1,218	\$ 772	\$ 2,850	\$ 2,586
Depreciation	(187)	1	-	4
Long-term compensation	(1,154)	1,675	669	2,607
Foreign exchange	(1,407)	343	(2,648)	844
<b>Total general and administrative expenses</b>	<b>\$ (1,530)</b>	<b>\$ 2,791</b>	<b>\$ 871</b>	<b>\$ 6,041</b>

**7. Other (income) expense**

	For the three months ended		For the nine months ended	
	2022	June 30, 2021	2022	June 30, 2021
Provision for uncollectible VAT – EMIPA	\$ -	\$ -	\$ 2	\$ (141)
Write-off of fixed assets	-	(32)	(31)	200
Gain on sale of assets held for sale	-	-	(10)	(40)
Miscellaneous other (income) expense	207	(29)	140	(399)
<b>Total other (income) expense</b>	<b>\$ 207</b>	<b>\$ (61)</b>	<b>\$ 101</b>	<b>\$ (380)</b>

**8. Finance costs**

	For the three months ended		For the nine months ended	
	2022	June 30, 2021	2022	June 30, 2021
Interest on credit facilities and debt	\$ 118	\$ 31	\$ 384	\$ 438
Accretion lease liability	2	8	10	28
Accretion expense on decommissioning obligations	108	104	333	314
Other interest (income)	(56)	157	77	154
Financing fees	117	19	231	64
<b>Total finance costs</b>	<b>\$ 289</b>	<b>\$ 319</b>	<b>\$ 1,035</b>	<b>\$ 998</b>

**9. Derivative instruments**

The Company had the following derivative instruments at June 30, 2022:

	Contract Prices	Settlements	Spot Rate / Price	Fair Value June, 2022 (asset)	Contract Amount
Gold forwards	\$1,995/troy oz to \$2,025/troy oz	Jul to Sep (monthly)	\$1,817	\$681	3,000 troy oz

## 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, 2022 and 2021

	Contract Prices	Settlements	Spot Rate / Price	Fair Value June, 2022 (liability)	Contract Amount
EUR / USD Currency futures	1.0608 – 1.0651	Jul - Sep 2022	1.0387	\$137	€ 6M

The Company recorded results in derivative instruments as follows:

Gain (loss)	For the three months ended June 30,		For the nine months ended June 30,	
	2022	2021	2022	2021
Change in unrealized fair value – gold forwards	\$ 430	\$ -	\$ 721	\$ -
Change in unrealized fair value – currency futures	(140)	-	82	-
Realized gain on cash settlements of derivative instruments	68	-	68	-
Derivative instruments gain	\$ 358	\$ -	\$ 871	\$ -

## 10. Earnings per share

	For the three months ended June 30,		For the nine months ended June 30,	
	2022	2021	2022	2021
Net income (loss)	\$ (1,816)	\$ (877)	\$ (7,251)	\$ 224
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)	\$ (0.01)	\$ (0.05)	\$ 0.00

## 11. Restricted cash and reclamation bonds

### Restricted cash

Restricted cash as at June 30, 2022 was \$96 and consists of warranties provided to the government, required for appealing in labour courts (September 30, 2021, \$85).

Long-term restricted cash as at June 30, 2022 was \$521 (September 30, 2021 – \$871). As at June 30, 2022 and September 30, 2021, this restricted cash consisted of cash required by local Spanish banks in connection with the Spanish banking facility.

### Reclamation bonds

At June 30, 2022, reclamation bonds were \$7,544 (September 30, 2021 – \$8,872) and are expected to be released after all reclamation work at Orovalle has been completed. Prior to its acquisition by Orovalle, El Valle had been shut down by the owner thereof and remediation measures required were completed. On Orovalle's acquisition of El Valle a reclamation bond of €894 (\$929) was deposited, as required by Spanish mining regulations. Since then, additional reclamation bonds were deposited by Orovalle, mainly relating to its tailings facility, to a total of €7,262. At June 30, 2022 reclamation bonds backed by cash were \$1,773 and \$5,771 were backed by an investment in a Fund (see note 24 for valuation criteria of this investment).

## 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, 2022 and 2021

## 12. Inventory

	June 30, 2022	September 30, 2021
Ore in stockpiles	\$ 217	\$ 2,964
Ore in-process	1,547	1,504
Doré	3,172	711
Gold-Copper concentrates	4,551	4,287
Materials and supplies	6,592	5,726
	\$ 16,079	\$ 15,192
Long-term materials and supplies	\$ 3,084	\$ 3,369
Long-term ore in stockpiles	2,292	2,292
	\$ 21,455	\$ 20,853

The Company recognized \$20,670 and \$69,272 of inventory in cost of sales for the three and nine months ended June 30, 2022, respectively (three and nine months ended June 30, 2021 - \$26,324 and \$63,727, respectively).

## 13. Property, plant and equipment

	Land	Plant and equipment	Furniture and equipment	Mineral properties in production	Mineral properties in exploration and evaluation	Total
Net book value, September 30, 2021	\$2,011	\$43,960	\$353	\$24,616	-	\$70,940
Additions	-	3,434	141	6,197	3,821	13,593
Write-offs	-	(490)	-	-	-	(490)
Change in decommissioning assets	-	-	-	(1,730)	-	(1,730)
Depreciation <sup>(1)</sup>	-	(4,129)	(128)	(7,110)	-	(11,367)
Net book value, June 30, 2022	\$2,011	\$42,775	\$366	\$21,973	3,821	\$70,946
Total cost	2,011	164,304	3,341	143,786	3,821	317,263
Total accumulated depreciation	-	(121,529)	(2,975)	(121,813)	-	(246,317)
Net book value, June 30, 2022	\$2,011	\$42,775	\$366	\$21,973	3,821	\$70,946

(1) Depreciation includes amounts recorded in inventory for \$ (265).

During the nine months ended June 30, 2022, the Company capitalized \$3.8 million (June 30, 2021, \$nil) of exploration and evaluation costs related to the Taguas Project in Argentina. On December 29, 2021 the Company had announced the updated preliminary assessment report for the project, which was filed on SEDAR on February 11, 2022.

Equipment include Right Of Use (“ROU”) assets under lease contracts which amounted to \$1,174 at June 30, 2022. During the quarter ended June 30, 2022, there were no ROU asset additions and depreciation was \$476.

On the consolidated statement of cash flow for the nine months ended June 30, 2022, capital expenditures exclude approximately \$1,247 of capital expenditures incurred but unpaid as at June 30, 2022 (June 30, 2021 - \$3,629) and include \$3,734 of capital expenditures incurred in fiscal 2021 but unpaid as at September 30, 2021 (September 30, 2020 - \$4,702).

During the quarter ended June 30, 2022, management updated its impairment assessments on its property, plant and equipment as the market capitalization of the Company continues to be less than the carrying amount of the net assets. Key assumptions used in the discounted cash flow models for the Orovalle and EMIPA CGU’s included: recoverable resources, future commodity prices for gold, silver and copper, future

## 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, 2022 and 2021

production and sales volume, future operating, capital and reclamation costs in accordance with the current life of mine plans, foreign exchange rates, and discount rates. Reserves and resources are estimated based on National Instrument 43-101 compliant reports produced by qualified persons. Management concluded there was no impairment of its property, plant and equipment as at June 30, 2022.

Management used a long-term price per ounce of gold of between \$1,746 to \$1,811 and long-term price per pound of copper of \$3.47 to \$3.49 to perform its updated impairment assessments for Orovalle and EMIPA as at June 30, 2022. A 5% decrease in price per ounce in gold (all else equal) would have resulted in no impairment at Orovalle, and an impairment of \$0.8 million at EMIPA. A 5% decrease in price per pound in copper (all else equal) would have resulted in no impairment at Orovalle and an impairment of \$1 million at EMIPA. Management used long-term Euro/USD exchange rates between 1/1.02 to 1/1.06 to perform its impairment assessments for Orovalle. A 5% devaluation of the annual Euro/USD exchange rates (all else equal) would have resulted in no impairment in Orovalle.

#### 14. Accounts payable and accrued liabilities

	June 30, 2022	September 30, 2021
Accounts payable	\$ 22,389	\$ 25,871
Accrued liabilities	6,181	5,729
Total accounts payable and accrued liabilities	\$ 28,570	\$ 31,600

#### 15. Debt

	June 30, 2022	September 30, 2021
TSF Loan – EMIPA	\$ 708	\$ 2,124
Heavy Equipment - EMIPA	-	526
Revolving facilities - Orovalle	2,436	1,571
Spanish banking facility - Orovalle	2,040	3,391
COVID-19 related facilities - Orovalle	3,137	5,103
Bankia Loan – Orovalle	191	451
Bankinter Loan – Orovalle	375	-
Syndicated Loan – Orovalle and Iberia	13,164	-
Sabadell Loan – Orovalle	273	-
	22,324	13,166
Less: current portion	(12,913)	(10,962)
	\$ 9,411	\$ 2,204

#### COVID-19

Spain's, Bolivia's and Argentina's Governments declared different rules starting March 2020 to try to minimize the COVID-19 pandemic impact.

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. 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

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2021 is deferred to fiscal 2022. Interest will continue to apply for the deferred period at the originally agreed interest rates.

As part of the Spanish national program to mitigate economic impacts caused by the COVID-19 pandemic, the Spanish Government offered guarantee lines to the Spanish banking sector through the Official Credit Institute "ICO", to facilitate companies to access funding. Orovalle has received up until June 30, 2022 a total amount of €6,497 (\$6,748) of this type of funding – refer to section "New Financing COVID-19 related facilities – Orovalle" for further details.

#### **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, 2022, EMIPA had received the full amount for \$8,336 (September 30, 2021 – \$8,336) and principal repayments of \$7,628 were made against the TSF Loan, such that the principal outstanding at June 30, 2022 was \$708 (September 30, 2021 - \$2,124).

For the nine-month ended June 30, 2022, the Company paid \$101 in interest on the BISA TSF Loan (for the year ended September 30, 2021 –\$29).

#### **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"). As at June 30, 2022, the principal outstanding was \$nil (September 30, 2021 - \$526).

The Heavy Equipment Loan bearded an interest rate of 5.5% per annum. For the nine-month ended June 30, 2022, the Company paid \$22 in interest on the BISA Heavy Equipment Loan (for the year ended September 30, 2021 – \$3).

#### **Revolving facilities - Orovalle**

In May 2020, Orovalle obtained a revolving credit facility with Bankinter S.A ("Bankinter") for an amount of €1.5 million (\$1,558) for a yearly renewable term, and bearing an annual interest of 1.95 %.

In May 2022, Orovalle obtained an additional revolving credit facility with Bankinter S.A. ("Bankinter") for an amount of €845 (\$878) for a three-month renewable term. This facility has no interest, and it is subject to a 0.5% opening fee.

As of June, 30, 2022 these revolving facilities had a balance of \$2,436 (September 30, 2021 – \$1,571). For the nine-month period ended June 30, 2022, the Company paid \$18 in interest on the revolving facilities in Orovalle (for the year ended September 30, 2021 - \$13).

#### **Spanish Banking Facility – Orovalle**

In January 2019 Orovalle closed a syndicated credit facility for a total amount of €6 million (\$6,232). These funds were used to repay the Samsung Prepayment Facility. In May 2019, Orovalle increased the facility by €2 million (\$ 2,077), achieving a total aggregated amount of €8 million (approximately \$ 8 million), with the same terms and conditions.

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

Amongst the obligations, Orovalle is required to comply with year-end net finance debt to EBITDA proforma financial covenant calculated based on the stand-alone financial information of the subsidiary. This resulting rate had to be lower than 3.5 for fiscal 2020, and has to be lower than 3 and 2 for fiscal 2021 and 2022, respectively. At June 30, 2022 and at September 30, 2021, 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 2022 (000s)	Repayments up until June 30 2022 (000s)	Outstanding balance, June 30 2022 (000s)
Loan	Bankia	€ 2,667	€ 2,667	€2,000	€667
	BBVA	2,667	2,667	2,000	667
	Sabadell	2,666	2,666	2,000	666
<b>Totals (€ 000s)</b>		<b>€ 8,000</b>	<b>€ 8,000</b>	<b>€ 6,000</b>	<b>€ 2,000</b>
<b>Deferred financing fees(€)</b>		-	-	-	€ (36)
<b>Totals (€ 000s) - net</b>		<b>€ 8,000</b>	<b>€ 8,000</b>	<b>€ 6,000</b>	<b>€ 1,964</b>
<b>Totals (\$ 000s)</b>		<b>\$ 8,310</b>	<b>\$ 8,310</b>	<b>\$ 6,270</b>	<b>\$ 2,040</b>

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	€ 16	€ 13	Yes
	BBVA	Jan'19	2.55%	4 years	16	13	Yes
	Sabadell	Jan'19	2.55%	4 years	16	13	Yes
<b>Totals (€ 000s)</b>					<b>€ 48</b>	<b>€ 39</b>	
<b>Totals (\$ 000s)</b>					<b>\$ 50</b>	<b>\$ 41</b>	

The Company's obligations to the lenders are secured by: (i) the pledge of all of Orvana's shares of Orovalle; and (ii) 25% restricted cash (as of September 30, 2021 the restricted cash linked to this financing was \$0.9 million and as of June 30, 2022 this is \$0.5 million).

#### 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:

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Facility	Bank	Principal (€ 000)	Proceeds up until June 30, 2022 (000s)	Repayments up until June 30, 2022 (000s)	Outstanding balance, June 30, 2022 (000s)
Loan	Bankinter	€ 1,000	€ 1,000	€ 1,000	€ -
	Bankinter	500	500	247	253
	Sabadell	1,500	1,500	870	630
	BBVA	800	800	800	-
	Sabadell	547	547	333	214
	Sabadell	350	350	226	124
Revolving line	BSCH	1,800	1,800	2	1,798
<b>Totals (€ 000s)</b>		<b>€ 6,497</b>	<b>€ 6,497</b>	<b>€ 3,478</b>	<b>€ 3,019</b>
<b>Totals (\$ 000s)</b>		<b>\$ 6,748</b>	<b>\$ 6,748</b>	<b>\$ 3,611</b>	<b>\$ 3,137</b>

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	€ -	€ -	70%	No
	Bankinter	Apr'20	1.60%	3 years	4	4	70%	No
	Sabadell	Apr'20	1.50%	3 years	11	11	70%	No
	BBVA	Jun'20	1.50%	2 years	2	2	70%	No
	Sabadell	Mar'21	1.00%	2 years	3	3	70%	No
	Sabadell	Mar'21	1.00%	2 years	1	1	70%	No
Revolving line	BSCH	Sep'20	2.70%	3 years	32	32	70%	No
<b>Totals (€ 000s)</b>					<b>€53</b>	<b>€53</b>		
<b>Totals (\$ 000s)</b>					<b>\$55</b>	<b>\$55</b>		

#### Bankia Loan - Orovalle

In February 2021, Orovalle entered into a loan with Bankia. The principal amounted to €547 (\$568) at a fixed annual interest rate of 1.3%. This loan matures in February 2023. For the nine months ended June 30, 2022, the Company paid \$260 in principal and \$3 in interest (total accumulated principal repayments of \$377).

#### Bankinter Loan - Orovalle

In December 2021, Orovalle entered into a loan with Bankinter. The principal amounted to €480 (\$499) at a fixed annual interest rate of 1.5%. This loan matures in December 2023. For the nine months ended June 30, 2022, the Company paid \$124 in principal and \$3 in interest.

#### Syndicated Loan – Orovalle and Iberia

In December 2021, Orovalle and Orvana Minerals Iberia entered into a syndicated Loan with BBVA and Sabadell. The detail of proceeds and repayments of this loan is described below:

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Facility	Bank	Principal (000s)	Proceeds up until March, 31 2022 (000s)	Repayments up until June 30, 2022 (000s)	Outstanding
					balance, June 30, 2022 (000s)
Loan	BBVA	€ 7,500	€ 7,500	€ 937	€ 6,563
	Sabadell	7,500	7,500	938	6,562
<b>Totals (€ 000s)</b>		€ 15,000	€ 15,000	€ 1,875	€ 13,125
<b>Deferred financing fees (€)</b>		-	-	-	€ (451)
<b>Totals (€ 000s) - net</b>		€ 15,000	€ 15,000	€ 1,875	€ 12,674
<b>Totals (\$ 000s)</b>		\$15,581	\$15,581	\$ 1,948	\$ 13,164

Terms and conditions summary:

Facility	Bank	Contract date	Interest rate	Repayment period	Interest	Interest paid	Covenants
					expensed current year	current year	
Loan	BBVA	Dec'21	Euribor+	4 years	€ 190	€96	Yes
	Sabadell		2.55%			94	
<b>Totals (€ 000s)</b>					€ 190	€ 190	
<b>Totals (\$ 000s)</b>					\$ 197	\$ 197	

The Company's obligations to the lenders are secured by the pledge of all of Orvana's shares of Orovalle and Orvana Minerals Iberia. Amongst other obligations, the ratio net finance debt to EBITDA calculated based on the aggregated financial information of Orovalle and Iberia, must be, throughout the life of the financing, less than 3.5. At June 30, 2022 Orovalle and Orvana Minerals Iberia were in compliance with these covenants.

#### Sabadell Loan – Orovalle

In May 2022, Orovalle entered into a loan with Banco Sabadell. The principal amounted to €275 (\$285) at an annual variable interest rate of EURIBOR + 0.55%. This loan matures in May 2023. For the nine months ended June 30, 2024, the Company paid \$12 in principal and \$nil in interest.

#### 16. Lease liabilities

As of June 30, 2022, the Company has lease liabilities for machinery and vehicles amounting to \$535 (September 30, 2021 - \$1,543). During the three and nine month period ended June 30, 2022, the Company made lease payments of \$385 and \$1,233 respectively (three and nine month periods ended June 30, 2021 - \$416 and \$1,344 respectively). Accretion expense on lease liabilities amounted to \$10 during the first nine months of fiscal year 2022 (first nine months of fiscal 2021, \$28). These leases are payable in monthly installments at annual interest rates ranging from 1.12% to 2.60%.

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

	June 30, 2022
2022	415
2023	120
	535
Amount representing interest (at 1.48% Fiscal 2022 / at 2.02% Fiscal 2021)	(10)
	525
Less: current portion of lease liability	395
Total long-term obligations lease liability	\$ 130

### 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-month ended June 30, 2022	Year ended September 30, 2021
Balance, beginning of period	\$ 23,296	\$ 21,819
El Valle		
- Foreign exchange	(1,730)	(193)
- Timing of payments and discount rates	-	1,677
Don Mario		
- Timing of payments and discount rates	-	(420)
	21,566	22,883
Accretion expense in El Valle	180	166
Accretion expense in Don Mario	153	247
Total decommissioning liabilities	\$ 21,899	\$ 23,296

The decommissioning liability balance consists of:

	June 30, 2022	September 30, 2021
El Valle	\$ 15,224	\$ 16,801
Don Mario	6,675	6,495
Total decommissioning liabilities	\$ 21,899	\$ 23,296

As at June 30, 2022, the undiscounted cash flows and discount rate used to calculate the decommissioning liabilities are as follows:

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	Undiscounted Cash Flows Required to Settle Decommissioning Liabilities			Discount Rate		Discounted Cash Flows Required to Settle Decommissioning Liabilities	
El Valle <sup>(1)</sup>	\$	16,769		1.25%	\$	15,224	
Don Mario <sup>(1)</sup>		8,334		3.70%	\$	6,675	
Total	\$	25,103			\$	21,889	

(1) The discount rate used to measure decommissioning liabilities is based on current interest rates of government bonds of the applicable country and of term that matches the time period to the commencement of the decommissioning liability being incurred.

Reclamation bonds backing these liabilities totaled \$7,544 at June 30, 2022 (September 30, 2021 – \$8,872) and they 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,	
	2022	2021	2022	2021
Deferred income tax:				
Reversal of temporary differences in Orovalle	\$ 67	1,585	\$ 762	3,877
Origination of temporary differences in EMIPA	(740)	(185)	(2,082)	(1,239)
Total deferred tax expense (recovery)	(673)	1,400	(1,320)	2,638

(1) Reversal of temporary differences in Orovalle for the nine months ended June 30, 2022 includes \$423 deferred taxes adjustment as a result of the Income Tax audit in Spain pertaining fiscal years 2015 to 2017.

Cash taxes paid by EMIPA during the three and nine months ended June 30, 2022 totaled \$99 and \$271, respectively (three and nine months ended June 30, 2021 - \$57 and \$237, respectively). Income tax receivables as of June 30, 2022 are \$3,639 (September 30, 2021 \$2,264). These income tax receivables relate to Orovalle.

### (b) Value added taxes

The following table summarizes the changes in VAT assets:

	Nine month ended June 30, 2022		Year ended September 30, 2021	
At beginning of period	\$	14,013	\$	13,745
Additions <sup>(1)</sup>		10,117		12,493
Recoveries <sup>(2)</sup>		(9,512)		(12,220)
Reversal of provision for uncollectible VAT <sup>(3)</sup>		(3)		(5)
At end of period	\$	14,615	\$	14,013
Current	\$	3,467	\$	3,722
Long term	\$	11,148	\$	10,291

(1) In the additions for the nine-month period ended June 30, 2022 \$88 are from corporate (\$76 in June 30, 2021), \$278 from EMIPA (\$283 in June 30, 2021), \$9,169 from Orovalle (\$8,954 in June 30, 2021) and \$582 are from Orvana Argentina (\$124 in June 30, 2021).

(2) In the recoveries for the nine-month period ended June 30, 2022, \$83 are from Corporate (\$72 in June 30, 2021), \$nil from EMIPA (\$348 in June 30, 2021), \$9,429 from Orovalle (\$9,701 in June 30, 2021) and \$nil from Orvana Argentina (\$nil in June 30, 2021).

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

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The following table summarizes the changes in VAT provisions:

	Nine month ended June 30, 2022	Year ended September 30, 2021	Nine month ended June 30, 2021
At beginning of period	\$ 666	\$ 845	845
Adjustment to VAT	-	(179)	(179)
At end of period <sup>(1)</sup>	\$ 666	\$ 666	666
Current	\$ -	\$ -	-
Long term	\$ 666	\$ 666	666

(1) All the VAT liabilities 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, 2022 was \$116,206 (September 30, 2021 – \$116,206). The Company's authorized share capital contains an unlimited number of common shares. As at June 30, 2022, the Company had 136,623,171 common shares (September 30, 2021 – 136,623,171) issued and outstanding.

#### Warrants

As at June 30, 2022, there are not any exercisable warrants.

### 20. Share based payments

#### (a) Stock options

A summary of the stock option balances is as follows:

	Stock options	Weighted average exercise price C\$
Balance, June 30, 2022	646,008	\$0.21

As at June 30, 2022, 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	163	-	0.48	646,008	0.21	December 21, 2022
	\$ 163	-		646,008		
Total vested and unvested options				646,008		

During the nine-month ended June 30, 2022, the Company recognized stock-based compensation expense of \$nil (June 30, 2021 – \$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

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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, 2021	8,680,430	\$ 2,316
Issued	1,416,433	394
Mark-to-market adjustment	-	(164)
Balance, June 30, 2022	10,096,863	\$ 2,546

#### (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). The fair value of the RSUs are marked to the quoted market price of the Company's common shares at each reporting date and changes in their fair value are recorded under general and administrative expenses. Payouts are settled in cash after a specified period of vesting, based on the market price of the common shares at vesting.

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

	Number of RSUs	Fair Value
Balance, September 30, 2021	10,178,243	\$ 1,723
Issued	1,388,556	384
Paid	(2,877,858)	(676)
Mark-to-market adjustment	-	55
Balance, June 30, 2022 (1)	8,688,941	\$ 1,486

(1) 2,877,858 units, with a fair value of \$676 that were classified in the “Accounts payable and accrued liabilities” at September 30, 2021 were paid in January 2022.

#### (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, 2022, there are not any exercisable SARs.

## 21. Related party transactions and compensation of key management

### a) Related party transactions

During the nine months ended June 30, 2022, the Company recorded \$253 in services fees related to the Taguas Project in Argentina (2021 – \$518) from Compañía Minera Piuquenes, SA, a related party, as it is indirectly owned by Orvana's 51.9% shareholder. During the nine months ended June 30, 2022, the Company reimbursed to Compañía Minera Piuquenes, SA costs for \$743 (2021 – \$1,171), incurred in relation to the Taguas Project.

### b) 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:

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	For the three months ended June 30,		For the nine months ended June 30,	
	2022	2021	2022	2021
Salaries and short term employee benefits	\$ 161	\$ 160	\$ 744	\$ 692
Share-based payments <sup>(1)</sup>	(1,154)	1,675	669	2,607
Director Fees	131	74	334	216
Total compensation of key management	\$ (862)	\$ 1,909	\$ 1,747	\$ 3,515

(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 € 955,000 (\$992) in fines relating to these matters and may face further additional fines or other sanctions, including the revocation or suspension of certain permits, in the future. Orovalle is appealing the outstanding fines totalling € 628,715 (\$653) and the enforcement of certain fines has been suspended pending the related criminal matter. A criminal court of Asturias has conducted since fiscal 2015, an investigation into the potential commission by Orovalle of a reckless crime under the Spanish penal code relating to these matters. After the conclusion of the investigation phase, the Court notified in the third quarter of fiscal 2020 the opening of the oral trial. The request of the Prosecutor and the State's Attorney acting in this Process includes a fine of up to €20 million (\$20.8 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 (\$5.2 million) indemnity for civil liability. At this time, the state prosecutor has petitioned these sanctions against Orovalle in respect of this matter. Orovalle has filed its preliminary statement of defence requesting for the dismissal of the allegations on the basis that, among other things, there is an absence of a committed offence. The process to resolve this matter is ongoing, and as of the date of this consolidated financial statements, no final decision by the courts have been rendered in respect of this matter. A date for the commencement of the oral trial had been set for March 2021. Due to procedural matters, on March 1, 2021, the trial has been rescheduled to an undetermined date in the future. In connection with the pending oral trial, the Court set a requirement on Orovalle to provide a bond in the amount of €7 million (\$7.3 million) as warranty for contingent liabilities, subject to the outcome of the oral trial. Orovalle has appealed the bond requirement. The appeal is in progress as of date hereof. Individuals have been excluded from any charges, and this case relates only to Orovalle at this time. If Orovalle is ultimately found responsible, monetary penalties, amongst other sanctions, may be applied. These sanctions could have a material impact on the Company.

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 \$5,194) in respect of the tailings impoundment area. To satisfy this requirement, Orovalle deposited €5,000 (approximately \$5,194) in September 2011 in favour of the Spanish regulatory authorities. Spanish regulatory authorities have requested an additional reclamation bond totalling €5,000 (approximately \$5,194) be deposited in their favour to satisfy additional reclamation bond commitments in respect of the tailings impoundment area, the assessment of which the Company has contested. The Company is challenging the requirement to fund the additional reclamation bond through an administrative appeal process with the Spanish regulator. The appeal is in progress and the Company will use all legal means at disposal to contest this matter.

(b) 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 \$769 and \$2,220 for the three and nine months ended June 30, 2022, respectively (three and nine months ended June 30, 2021 - \$978 and \$2,362, respectively).

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- (c) Production from Don Mario Mine is subject to a 3% NSR payable quarterly. Royalty expense under this NSR totalled \$112 and \$333 for the three and nine months ended June 30, 2022, respectively (three and nine months ended June 30, 2021 - \$106 and \$334, 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, 2022, respectively (three and nine months ended June 30, 2021 - \$nil and \$nil, respectively).
- (d) 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.
- (e) During first quarter of fiscal 2020, the Company suspended mining and milling operations at EMIPA, as a result of 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. As a result of the suspension of operations, during the second quarter of fiscal 2020 EMIPA implemented a labor restructuring process that affected 182 employees. The process was managed according to the terms defined by applicable laws in Bolivia. A group of 84 former employees affected by the restructuring process (the "Former Employees") decided not to accept the dismissal terms provided for under applicable employment laws in Bolivia. In respect of these Former Employees, EMIPA 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 Labor Authority notified EMIPA in July 2020 by way of Reinstatement Resolutions that the Former Employees should be reinstated to their original job positions with the payment of the wages accrued since their dismissal (the "Original Reinstatement Resolutions"). EMIPA subsequently filed Constitutional Appeals to dispute the Original Reinstatement Resolutions on the basis that the dismissal process conducted by EMIPA during the restructuring process is in full compliance with applicable employment laws. In June 2021, the Constitutional Court ruled in favor of EMIPA instructing the correction of identified errors in the Original Reinstatement Resolutions, because of not considering the suspension of operations as force majeure causing the restructuring process.

Since then, the Labor Authority has reissued Reinstatement Resolutions (the "Amended Reinstatement Resolutions") on three separate occasions (June 2021, January 2022 and May 2022) trying to correct the errors identified by Constitutional Court. The Constitutional Court determined that the Labor Authority's Amended Reinstatement Resolutions on June 2021 and January 2022 did not adequately address the deficiencies identified by the Constitutional Court. The Labor Authority reissued its Amended Reinstatement Resolutions for a third time on May 2022 to address the Constitutional Court's ruling. As the May 2022 Amended Reinstatement Resolutions still did not adequately consider EMIPA's force majeure reasons for implementing the labor restructuring, EMIPA filed a complaint to the Constitutional Court to direct the Labor Authority to consider EMIPA's force majeure arguments. As at the date of this report, the Labor Authority has not issued new Reinstatement Resolutions that have complied with the Constitutional Court rulings. EMIPA is awaiting the Constitutional Court's ruling on this latest Reinstatement Resolution issued in May 2022.

In parallel to the administrative jurisdiction, the Former Employees started four criminal files against the General Manager of EMIPA, for not reinstating them to EMIPA notwithstanding that the Constitutional Court nullified the Original Reinstatement Resolutions issued by the Labor Authority. Despite the Original Reinstatement Resolutions having been nullified by the Constitutional Court, three of the four files continued in progress at the criminal jurisdiction. Two of the files that progressed under the criminal jurisdiction were declared not criminally related, and directed to the labor jurisdiction. On July 2022, Former Employees filed a constitutional appeal against one of the two files that were declared not criminally related. The Former Employees won its constitutional appeal, and therefore the file will return to the criminal jurisdiction. Regarding the last file in progress, in late April 2022 the Criminal Court issued

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a sentence determining the imprisonment of the General Manager for a period of four years. A legal appeal against the sentence was presented, and, on May 9, 2022, the sentence was nullified because of the lack of jurisdiction of the Criminal Court to rule.

As at the date of this report, 68 employees continue with their claim for reinstatement. The Company continues defending vigorously its position, as the restructuring process was implemented because of the suspension of operations, and in full compliance with all the applicable laws in Bolivia. Considering the strength of EMIPA's arguments and all the positive rulings obtained as of today, the Company expects a positive outcome of the process. If EMIPA has to ultimately reinstate the Former Employees, it could have a material impact on the Company.

### 23. Segmented information

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

As at June 30, 2022:

	Cash and cash equivalents	Property, plant and equipment	Reclamation bonds and restricted cash	Other Assets	Total assets
Orovalle	\$ 2,741	\$ 48,123	\$ 8,065	\$ 26,467	\$ 85,396
EMIPA	297	19,000	96	27,879	47,272
Argentina	175	3,821	-	125	4,121
Corporate	2,847	2	-	826	3,675
	\$ 6,060	\$ 70,946	\$ 8,161	\$ 55,297	\$ 140,464

As at September 30, 2021:

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

For the three months ended June 30, 2022:

	Revenue	Mining costs <sup>(1)</sup>	Depreciation/Amortization <sup>(2)</sup>	Other (recoveries) costs <sup>(3)</sup>	Income (loss) before taxes
OroValle	\$ 18,450	16,979	3,836	(2,427)	62
EMIPA	-	894	38	507	(1,439)
Argentina	-	-	-	(334)	334
Corporate	-	-	-	1,446	(1,446)
	\$ 18,450	17,873	3,874	(808)	(2,489)

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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

For the nine months ended June 30, 2022:

	Revenue	Mining costs <sup>(1)</sup>	Depreciation/Amortization <sup>(2)</sup>	Other (recoveries) costs <sup>(3)</sup>	Income (loss) before taxes
OroValle	\$ 66,955	57,918	11,499	(3,536)	1,074
EMIPA	-	2,869	119	1,136	(4,124)
Argentina	-	-	-	(586)	586
Corporate	-	-	-	6,107	(6,107)
	\$ 66,955	60,787	11,618	3,121	(8,571)

(1) Mining costs includes royalties, mining rights and mining taxes. Refer to note 5 – Mining costs.

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

(3) Other costs in Corporate include mainly G&A costs and \$0.1 million of exploration expenses. In Argentina foreign exchange gains for \$1.5 million are included in the other recoveries.

For the nine 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	\$ 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.

## 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 in to the fair value hierarchy based on significance of the inputs used in making the measurements. The levels in the hierarchy are:

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

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	Quoted prices in active markets for identical assets	Significant other observable inputs	Significant unobservable inputs	Aggregate
As at June 30, 2022	(Level 1)	(Level 2)	(Level 3)	Fair value
<b>Financial assets:</b>				
Reclamation bonds	\$ 7,544	\$ -	\$ -	\$ 7,544
Derivative instruments	-	681	-	681
Concentrate and doré sales receivables	-	164	-	164
<b>Total</b>	<b>\$ 7,544</b>	<b>\$ 845</b>	<b>\$ -</b>	<b>\$ 8,389</b>
<b>Financial liabilities:</b>				
Derivative instruments	-	137	-	137
Long-term compensation	-	4,032	-	4,032
<b>Total</b>	<b>\$ -</b>	<b>\$ 4,169</b>	<b>\$ -</b>	<b>\$ 4,169</b>

#### Valuation techniques for Level 1:

*Reclamation bonds:* Part of the Reclamation bonds (\$5,771) are invested in a Fund. Every closing period the Company adjusts the fair value based on the market value of the Fund. The rest of the reclamation bonds are backed by cash.

#### Valuation techniques for Level 2:

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

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

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

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

At June 30, 2022 and September 30, 2021, 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.