# MATERIAL CHANGE REPORT

**Reporting Issuer:**

Orvana Minerals Corp.
1050 West Pender Street, Suite 2170
Vancouver, British Columbia
V6E 3S7

**Date of Material Change:**

January 11, 2002

**Press Release:**

The press release reporting the material change described in this report was issued on January 14, 2002, and is attached as Schedule "A" hereto.

**Summary of Material Change:**

Orvana Minerals Corp. ("Orvana") announced that Orvana's transaction with Compania Minera del Sur S.A. ("Comsur") closed on January 11, 2002. Under the transaction with Comsur, Orvana issued to Comsur 52,995,143 common shares, together with rights to receive up to 29,154,190 additional common shares for no additional consideration in certain circumstances, in consideration of US$4 million. Comsur has also agreed to:

(i) finance Orvana's purchase from Comsur of a mining concession with its installations of gold mill plant and equipment having an estimated value of US$8 million, which purchase is scheduled to close February 15, 2002;

(ii) lend Orvana up to US$6 million to fund the purchase of additional mining equipment, development of open pit and underground mining operations in the Lower Mineralized Zone of the Don Mario deposit, and construction of processing plant and related infrastructure; and

(iii) undertake to place the Lower Mineralized Zone of the Don Mario ore deposits into production within 18 months with a mine and mill capacity of not less than 600 tonnes of ore per day, subject to certain conditions.

Comsur has also agreed to fund, by way of additional loans to Orvana, any cost overruns for the project above such amount. Comsur will have a first priority security interest in all plant and equipment and all other assets purchased with financing and loans provided by Comsur.

As a separate matter, 668,219 common shares of Orvana were issued to Comsur on January 11, 2002, in settlement of a loan of Cdn$50,116.45 advanced by Comsur to Orvana under the terms of an interim financing arrangement between the two companies.

**Full Description of Material Change:**

***(a) Definitive Agreement***

Orvana and Comsur have entered into an agreement dated September 12, 2001, as amended (the "Definitive Agreement"). Under the terms of the Definitive Agreement, on January 11, 2002 (the "Share Purchase Closing Date") Comsur invested US$4 million in return for the issuance by Orvana to Comsur of 52,995,143 common shares, together with the right to receive additional Orvana common shares, at no additional cost to Comsur, on a one-for-one basis for each common share issued by Orvana either (i) as a result of the exercise of warrants, options or other convertible securities of Orvana outstanding on the Share Purchase Closing Date or (ii) in settlement of liabilities and obligations owed by Orvana on the Share Purchase Closing Date, up to a maximum of 29,154,190 additional common shares. Comsur is also entitled to receive common shares of Orvana in certain circumstances in the event that it is entitled to indemnification by Orvana for a breach of a representation or warranty in the Definitive Agreement.

In addition, under the Definitive Agreement Comsur has agreed to:

(i) finance Orvana's purchase from Comsur of a mining concession with its installations of gold mill plant and equipment having an estimated value of US$8 million, which purchase is scheduled to close February 15, 2002 (the "Asset Transfer");

(ii) lend Orvana additional amounts (expected to be approximately US$6 million) to fund the purchase of additional mining equipment, development of open pit and underground mining operations in the Lower Mineralized Zone of the Don Mario ore deposit located in the Republic of Bolivia on property owned by Empresa Minera Paititi S.A. ("Paititi"), a Bolivian subsidiary of Orvana, and construction of processing plant and related infrastructure; and

(iii) undertake to place the Lower Mineralized Zone of the Don Mario ore deposits into production within 18 months with a mine and mill capacity of not less than 600 tonnes of ore per day (the "Project"), subject to certain conditions including delays due to force majeure events and the Project being uneconomic.

Comsur has also agreed to fund, by way of additional loans, cost overruns for the Project above the expected US$6 million amount. Comsur's obligation to lend funds is subject to certain conditions, including completion of the Asset Transfer, no event of default having occurred with respect to outstanding indebtedness, and US$2.9 million of the initial US$4 million invested having been used to fund expenses related to the Project. Comsur will have a first priority security interest in all plant and equipment and all other assets purchased with financing and loans provided by Comsur.

Under the terms of the Definitive Agreement, approximately half of the Orvana common shares issued on the Share Purchase Closing Date will be held in escrow by Orvana until the earlier of (i) the date on which US$6 million has been advanced by Comsur under the loans provided for in the Definitive Agreement, provided that certain assets have been delivered to the Don Mario property by such date; (ii) the date on which commissioning of the mill at the Project commences, and (iii) 18 months following the Share Purchase Closing Date, if the commissioning of the mill at the Project is delayed as a result of a force majeure event affecting Comsur or Paititi or the Project being uneconomic.

Under the Definitive Agreement, Comsur has a pre-emptive right with respect to the issuance of additional common shares or securities convertible into common shares of Orvana to other persons after the Share Purchase Closing Date, entitling Comsur to acquire common shares or convertible securities on the same terms and conditions as those so issued by Orvana, subject to applicable requirements of the Toronto Stock Exchange.

In the event that aggregate liabilities of Orvana and its subsidiaries at the Share Purchase Closing Date are determined to be in excess of US$1,101,000, Comsur is entitled to receive a debenture in a principal amount equal to the amount by which such liabilities exceed US$1,100,000, to a maximum principal amount of US$400,000. The debenture will bear interest at 6% per annum and mature three years from the date of issuance, subject to prepayment in certain circumstances. On the maturity date, the debenture will be repayable at Comsur's option in cash or by the issuance of Orvana common shares at the then-current market price.

Pursuant to the Definitive Agreement, the Board of Directors of Orvana has been reconstituted to consist of five directors, three of whom have been appointed by Comsur and two of whom are independent of Comsur. From and after the first meeting of shareholders of Orvana following the Share Purchase Closing Date until the fifth anniversary of the Share Purchase Closing Date, Comsur and Orvana have agreed that the Board of Directors will consist of seven directors and Comsur has agreed that it will vote its common shares of Orvana in favour of three nominees who are independent of Comsur (the remaining four directors to be nominated by Comsur).

***(b) Interim Funding Arrangement***

Pending the Share Purchase Closing under the Definitive Agreement, Comsur and Orvana had entered into an interim funding arrangement under which Comsur would lend Orvana up to Cdn$55,000 for operating expenses, such amount being repayable to Comsur by the issuance of Orvana common shares on the Share Purchase Closing Date. On January 11, 2002 668,219 common shares of Orvana were issued to Comsur in settlement of a loan of Cdn$50,116.45 advanced by Comsur to Orvana under the terms of this interim financing arrangement.

## Reliance on Section 75(3) of the Act:

Not applicable.

## Omitted Information:

Not applicable.

**Senior Officer:**

For further information, please contact :

Donald R. French
(409) 737-3762

OR

Jaime Urjel
Director, Orvana Minerals Corp.
011 (591) 2-244-4849

**Statement of Senior Officer:**

The foregoing accurately discloses the material change referred to herein.

DATED at La Paz, Bolivia this 16th day of January, 2002.

**ORVANA MINERALS CORP.**

By: (signed) "Jaime Urjel"
Jaime Urjel
Director

**Schedule "A"**
**Orvana News Release**

January 14, 2002

## ORVANA ANNOUNCES CLOSING OF TRANSACTION WITH COMPANIA MINERA del SUR S.A.

**TORONTO, ON – (ORV-TSE)** Orvana Minerals Corp. ("Orvana") announced that Orvana's transaction with Compania Minera del Sur S.A. ("Comsur") closed on January 11, 2002. Under the transaction with Comsur, Orvana has issued to Comsur 52,995,143 common shares (being one share more than 100% of the number of Orvana shares outstanding prior to closing) in consideration of US$4 million. Comsur has also agreed to:

- finance Orvana's purchase from Comsur of a mining concession with its installations of gold mill plant and equipment having an estimated value of US$8 million which purchase is scheduled to close February 15, 2002;

- lend Orvana US$6 million to fund the purchase of additional mining equipment, development of open pit and underground mining operations in the Lower Mineralized Zone of the Don Mario deposit, and construction of the processing plant and related infrastructure; and

- undertake to place the Lower Mineralized Zone of the Don Mario ore deposits into production within 18 months with a mine and mill capacity of not less than 600 tonnes of ore per day, subject to certain conditions.

It is expected that the US$4 million of cash provided and the US$14 million of financing to be provided by Comsur will be sufficient to place the Don Mario property into production. Comsur has also agreed to fund, by way of additional loans to Orvana, any cost overruns for the project above such amount. Comsur will have a first priority security interest in all plant and equipment and all other assets purchased with financing and loans provided by Comsur.

As a separate matter, 668,219 common shares of Orvana were issued to Comsur on January 11, 2002, in settlement of a loan of CDN$50,116.45 advanced by Comsur to Orvana under the terms of an interim financing arrangement between the two companies.

For further information contact:
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