

ORVANA

MINERALS CORP.

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ORVANA REPORTS IMPROVED NET INCOME IN SECOND QUARTER 2004 AND INCREASES GOLD PRODUCTION

TORONTO, ONTARIO, May 12, 2004 -- Orvana Minerals Corp. (TSX symbol: ORV) announced today that it sold 11,225 ounces of gold in the second, fiscal quarter ended March 31, 2004, generating revenues of US\$4.7 million, net income of US\$1.1 million and cash flow from operating activities of US\$2.2 million. During the second quarter, the Company produced 11,663 ounces of gold, and the average head grade was 6.92 grams per tonne ("g/t") of treated ore at its Don Mario mine in eastern Bolivia. During the month of April, the mine produced 4,324 ounces, and the average head grade increased to 7.73 g/t of treated ore.

Orvana Chairman George Hamilton said, "During the second quarter, we recorded improvements in both operating and financial results. We continue to fine-tune our operations and develop the lower mineralized zone including the addition of new ore faces. We are treating ore with better head grades and mill recoveries have stabilized. These factors have contributed to the reduction of our direct cost per ounce produced, at a time when gold prices remain relatively high. The result has been higher operating margins and earnings per share."

Mine Operations

During the second quarter of 2004, a total of 60,684 tonnes of ore were mined from both the underground mine and the mini-pit. The head grade of the ore extracted from the mini-pit continues to improve at lower depths. In addition, the quality of ore from the underground mine development and the cut and fill stopes continues to improve.

During the second quarter of 2004, the Don Mario mill treated 58,902 tonnes of ore with an average head grade of 6.92 g/t of treated ore. The table below shows the tonnages milled and head grades for each month of the second quarter.

		January 2004	February 2004	March 2004	Second Quarter 2004
Underground Mine	Tonnes	8,608	7,513	9,954	26,075
	g/t	6.37	6.60	7.11	6.72
Mini Pit	Tonnes	11,965	11,557	9,305	32,827
	g/t	5.54	7.87	8.11	7.09
Total	Tonnes	20,573	19,070	19,259	58,902
	g/t	5.89	7.37	7.59	6.92

Gold production increased from 8,802 ounces in the first quarter of fiscal 2004 to 11,663 ounces in the second quarter. Total cash costs of US\$151.88 per ounce and direct operating costs of US\$23.58 per treated tonne were reported in the second quarter of 2004. In April 2004, Orvana milled a total 18,905 tonnes of ore with an average head grade of 7.73 g/t of treated ore and achieved a mill recovery rate of 92.1%.

Financial Results

The Don Mario mine was under construction during the first six months of 2003 and commercial production began on July 1, 2003. The mine has been in production for the past nine months. Consequently, the results of operations for the three-month and six-month periods ended March 31, 2004 do not provide meaningful comparisons to those of the same periods a year ago. All dollar amounts in this news release are expressed in United States dollars.

Three-month financial highlights

The following table compares results for the second quarter 2004 to those of the first quarter 2004 and to the three months ended March 31, 2003.

	3 months ended March 31, 2004	3 months ended December 31, 2003	3 months ended March 31, 2003
Revenue from gold sales	\$4,693,412	\$3,108,658	\$0
Costs and expenses	3,423,929	2,942,544	28,746
Operating income (loss)	1,269,483	166,114	(28,746)
Net income (loss)	1,081,380	43,762	(28,746)
Net income (loss) per share	0.01	0.00	(0.00)
Cash and cash equivalents, end of period	\$2,045,529	\$1,051,011	\$1,334,488
Assets	\$29,960,483	\$29,384,955	\$26,759,577
Shareholders' Equity	11,966,967	10,825,835	11,090,405

Six-month financial highlights

The following table compares results for the first six months of fiscal 2004 to those of the same six-month period in 2003.

	6 months ended March 31, 2004	6 months ended March 31, 2003
Revenue from gold sales	\$7,802,070	\$0
Costs and expenses	6,366,473	316
Operating income (loss)	1,435,597	(316)
Net income (loss)	1,125,142	(316)
Net income (loss) per share	0.01	(0.00)
Cash and cash equivalents, end of period	\$2,045,529	\$1,334,488
Assets	\$29,960,483	\$26,759,577
Shareholders' Equity	11,966,967	11,090,405

During the second quarter 2004, Orvana generated \$2.2 million in cash flow from operating activities (before changes in non-cash working capital). Cash and cash equivalents were \$2.0 million as at March 31, 2004, compared to \$1.1 million as at December 31, 2003. This represents an increase in cash position of almost \$1.0 million during the quarter after repayment of \$1.0 million of principal on construction loans.

Consolidated interim and unaudited financial statements and Management's Discussion & Analysis for the three months and six months ended March 31, 2004 are available on SEDAR and at www.orvana.com.

About Orvana

Orvana Minerals is a gold mining and exploration company involved in the evaluation, development and mining of precious metal deposits in South America. The Company's primary operation is the Don Mario gold mine in eastern Bolivia. Orvana's long-term goal is to become a multi-mine producer in South America. Orvana's shares have been listed on the Toronto Stock Exchange since 1992 under the trading symbol ORV.

For further information, please contact George Hamilton, Director, Orvana Minerals, 905-822-1463, gHamilton@orvana.com

Forward Looking Statements

This news release may contain forward-looking statements that are based on the Company's expectations, estimates and projections regarding its business and the precious metals market and economic environment in which it operates. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to control or predict. Therefore, actual outcomes and results may differ materially from those expressed in these forward-looking statements and readers should not place undue reliance on such statements. Statements speak only as of the date on which they are made, and the Company undertakes no obligation to update them publicly to reflect new information or the occurrence of future events or circumstances.