

# ORVANA

MINERALS CORP.

## **ORVANA MINERALS REAFFIRMS INTENTION TO OFFER TO ACQUIRE KINBAURI GOLD CORP. FOR \$0.55 PER SHARE**

*Proposed Orvana offer is superior to Kinbauri's proposed Glen Eagle transaction*

TORONTO, May 12, 2009 -- Orvana Minerals Corp. (TSX:ORV) today reaffirmed its intention to proceed with its proposed all-cash offer of C\$0.55 per share for all the outstanding shares of Kinbauri Gold Corp. (TSX-V:KNB), a gold exploration company based in Carp, Ontario. The Company said it intends to commence its offer on or before May 25, 2009.

Orvana said its proposed offer is superior to Kinbauri's proposed transaction with Glen Eagle Resources Inc. from the point of view of Kinbauri shareholders. Orvana's proposed all-cash offer represents a premium of 39.2% to the closing price of Kinbauri's common shares on May 8, 2009, the last trading day prior to the disclosure of Orvana's intention to make an offer.

"Kinbauri's proposed transaction with Glen Eagle does not provide liquidity to Kinbauri shareholders and involves significant financing and operating risks," said Kent Jespersen, Chairman of Orvana. "In contrast, Orvana's proposed offer provides Kinbauri shareholders with the opportunity to receive full liquidity and an immediate and significant cash premium for their shares."

Mr. Jespersen continued, "Kinbauri shares traded below our offer price for three weeks after Kinbauri shareholders were informed of the proposed Glen Eagle transaction. Given that trading record, it is not credible for Kinbauri management to claim, as it did in a news release yesterday, that the Glen Eagle transaction implies a value for Kinbauri's equity that is far superior to our offer."

Orvana stated that Kinbauri shareholders should consider the following matters in assessing Orvana's proposed offer:

- Kinbauri faces significant financing and operating risks in order to complete the development of its Spanish project;
- Completion of the Glen Eagle transaction is uncertain and the full terms of this proposed financing have not been disclosed; and
- Dynamic Precious Metals Fund, Kinbauri's largest shareholder with over an 8% stake, has entered into a lock-up agreement in support of Orvana's bid.

## **Financing risks**

Orvana believes that Kinbauri shareholders face a number of risks related to the proposed Glen Eagle transaction and its ongoing financing requirements:

- Glen Eagle, which has a market capitalization of less than \$4 million, has disclosed that it intends to fund its proposed investment in Kinbauri's Spanish subsidiary by borrowing at least \$32 million from an unnamed "European consortium" in the form of a credit facility to Glen Eagle and its partner, Paradise Peak Holdings;
- Kinbauri has not publicly disclosed the full terms of its agreement with Glen Eagle, nor has Glen Eagle publicly disclosed the full terms of its agreement with the unnamed "European consortium";
- The anticipated closing date of the proposed Glen Eagle transaction with Kinbauri has been delayed from the original date of May 15, 2009 to May 28, 2009. Kinbauri has provided no explanation for the delay, which was disclosed in Kinbauri's news release yesterday in response to Orvana's announcement of its intent to make an offer for Kinbauri;
- Kinbauri's estimate, in its May 11, 2009 press release, of \$20 million as the additional capital required to develop its Spanish project significantly understates the actual amount required; and
- In the current economic environment, Kinbauri and Glen Eagle may have difficulty obtaining financing to fund the remaining development cost.

## **Kinbauri's lack of suitable experience**

Orvana believes Kinbauri management lacks suitable underground development and mining experience and Orvana questions Kinbauri's optimism regarding the time to production estimated in Kinbauri's news release yesterday. In less than a month, and with no explanation, Kinbauri has moved the production date forward by at least seven months, from some time in 2011 to approximately May 2010, according to its April 17, 2009 and May 11, 2009 news releases. Kinbauri acquired the project in 2006.

## **Orvana's offer plan**

Orvana expects to commence its offer prior to May 25, 2009 by way of a take-over bid circular mailed to Kinbauri shareholders. Orvana's proposed offer will be subject to the condition that Kinbauri not consummate its proposed transaction with Glen Eagle. The offer will also be subject to other conditions that are customary for a transaction of this nature. The take-over bid circular will contain the full terms and conditions of the offer, including the details of how to accept the offer.

Orvana is a well-established mine operator with an experienced management team that has collectively brought a number of underground mines into production. Orvana had

cash and cash equivalents of approximately US\$96.6 million (C\$113.3 million) as at December 31, 2008, which is sufficient to develop Kinbauri's Spanish mineral project. Orvana expects the project will create up to 200 new jobs in Spain.

Orvana's financial advisor is Thomas Weisel Partners Group, Inc. and its legal counsel is Blake, Cassels & Graydon LLP.

### **Forward-looking disclaimer**

This press release contains only summary information about Orvana's offer and does not constitute an offer to purchase any securities. Complete information about the offer will be available by referring to the offer to purchase and take-over bid circular to be filed with Canadian securities regulators. Certain statements contained in this press release concerning Orvana's objectives, goals, strategies, intentions, plans, beliefs, expectations and estimates, and the business, operations, financial performance and condition of Kinbauri and Glen Eagle are forward-looking statements. The words "believe", "expect", "intend", "may", "anticipate", "will", "would" and similar expressions and the negative of such expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. These forward-looking statements are not based on historical facts, but rather on current expectations, assumptions and projections about future events. While Orvana considers these factors and assumptions to be reasonable based on information currently available, they may be proven to be incorrect. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to, the offer not being commenced; any of the terms and conditions of the offer not being satisfied; general economic conditions; dependence on key personnel; and variations in required capital expenditures. Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

### **For More Information**

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