

# ORVANA

MINERALS CORP.

## Orvana Achieves Strong Mine Performance in Fiscal Third Quarter

**Toronto, Ontario, August 9, 2013** - Orvana Minerals Corp. (TSX:ORV) (the “Company” or “Orvana”) announced today financial and operating results for the third quarter ended June 30, 2013 (“Q3 2013”). The Company reported record gold production from its El Valle-Boinás and Carlés mines in Spain (“EVBC”).

The Company reported net income for Q3 2013 of \$11.3 million and adjusted net loss of \$0.7 million excluding certain non-recurring items.

The unaudited consolidated interim financial statements for Q3 2013 (“Q3 Financials”) and management’s discussion & analysis related thereto (“Q3 2013 MD&A”) are available on SEDAR and at [www.orvana.com](http://www.orvana.com).

*Dollar amounts (other than per ounce/pound and per share amounts) are in thousands of U.S. dollars unless stated otherwise, and fine troy ounces of gold and silver are referred to as “ounces” or “oz”.*

### Q3 2013 Operating and Financial Highlights

- Record gold production from EVBC of 18,439 ounces.
- Strong total metals production of 22,319 ounces of gold, 4.6 million pounds of copper and 303,704 ounces of silver compared to 18,344 ounces of gold, 5.1 million pounds of copper and 248,908 ounces of silver in the third quarter of fiscal 2012. <sup>(1)</sup>
- On June 16, 2013, there was a significant hoist incident at the Boinás Mine at EVBC. A fully loaded skip failed to stop going into the surface dump, crashed into the top of the headframe and dropped down the shaft when the wire rope attachment failed. Preliminary findings show no damage to the hoist or shaft but significant damage to the steel sets at the shaft bottom and to the loading pocket. Repairs are expected to take approximately six months at a cost of up to \$3,500. Underground production from the Boinás Mine has continued since the shaft accident using truck haulage through the existing underground ramp access with efforts to increase tonnage from higher grade skarns and oxide areas. Production at the Carlés Mine is unaffected and options to expand its production are underway. Due to the hoist incident at the Boinás Mine, production is forecasted to drop to about 90% of former levels at EVBC until the repairs are completed. The Company, however, remains on track to meet its original total metals production guidance for fiscal 2013.
- Following the end of the third quarter, as part of the Company’s ongoing operational optimization initiatives, the Company suspended the operations of its sulphuric acid plant at the UMZ Mine used to process oxides. LPF processing costs were significantly higher than flotation-only processing costs and throughput of the LPF circuit was approximately half that of the flotation-only circuit. The Company recorded an impairment charge of the LPF plant and related consumables of \$6,423. The Company will continue to process transition and sulphide ores now by the flotation-only circuits. This suspension of the LPF plant will result in increased production of about 5% per quarter.
- Sales of 20,480 ounces of gold, 4.1 million pounds of copper and 303,733 ounces of silver compared to 16,842 ounces of gold, 5.5 million pounds of copper and 284,440 ounces of silver in the third quarter of fiscal 2012. <sup>(1)</sup>

- Consolidated revenue of \$35,414 compared to \$43,691 in the third quarter of fiscal 2012, a decrease of 19%.
  - Net income of \$11,315 compared to \$12,118 in the third quarter of fiscal 2012.
  - Adjusted net loss of \$654 compared to adjusted net income of \$3,611 in the third quarter of fiscal 2012. The adjusted net loss excludes certain non-recurring items including (i) the unrealized gains from the revaluation of the Company's financial instruments and the tax effect thereof, (ii) the non-cash impairment charge of \$6,423 in connection with the suspension of the operations of the sulphuric acid plant at the UMZ Mine, (iii) the non-cash de-recognition of a portion of the Boinás Mine hoist of \$3,500 as a result of the hoist incident, (iv) the cash union payment provision of \$1,384 at the UMZ Mine, and (v) the non-cash provision for potentially uncollectible VAT at the UMZ Mine of \$1,387. <sup>(2)</sup>
  - Cash flows provided by operating activities of \$10,845 compared to \$12,366 in the third quarter of fiscal 2012 and cash flows provided by operating activities before changes in non-cash working capital of \$4,604 compared to \$10,929 in the third quarter of fiscal 2012. <sup>(2)</sup>
  - Capital expenditures of \$4,283 and \$17,265 for the three and nine months ended June 30, 2013 consisting mostly of primary development at EVBC.
  - Debt net of cash, cash equivalents and restricted cash for debt repayment of \$44,400 at June 30, 2013.
  - Payment of principal and interest on its long-term debt of \$11,099 in the nine months ended June 30, 2013.
  - During the quarter, the announcement of a potential reduction in quantitative easing in the United States. This, along with other macroeconomic indicators in the United States, suggested the United States economy was improving. In response, gold prices declined sharply during June closing below \$1,200 at the end of the quarter. Other commodity prices were similarly affected. Operational and corporate reviews have been initiated to seek means to reduce operating and capital costs to improve liquidity and cash flows given the recent declines and continued volatility in the metals markets.
- (1) For a description of EVBC and the UMZ Mine, please see "Overall Performance - EVBC" and "Overall Performance - UMZ Mine".
- (2) Adjusted net income (loss) and cash flows from operating activities before changes in non-cash working capital are non-IFRS performance measures with no standard definition under IFRS. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, the Company and certain investors use this information to evaluate the Company's performance including the Company's ability to generate cash flows from its mining operations. Accordingly, it is intended to provide additional information and should not be considered in isolation or as substitutes for measures of performance prepared in accordance with IFRS. For further information and a detailed reconciliation, please see the "Other Information - Non-IFRS Measures" section of the Q3 MD&A.

"The third quarter of 2013 highlights our focus on continuing to stabilize and optimize operations. We had record production numbers at EVBC and we continue to implement changes to further improve our performance" said Michael Winship, Interim President and CEO. "We have intensified our focus on cost reduction in the current challenging environment resulting in the suspension of the LPF plant at the UMZ Mine and continuing with flotation-only processing at lower costs and higher throughput."

## OVERALL PERFORMANCE

In Q3 2013, the Company increased consolidated production due to record mining and processing performance at the EVBC Mine. The benefit of improved throughput was offset by lower metals prices. The table below summarizes the Company's operating and financial performance for the following periods:

|   | Q2 2013   | Q3 2013           | Q3 2012    | YTD 2013          | YTD 2012 |
|---|-----------|-------------------|------------|-------------------|----------|
| <b>Operating Performance <sup>(1)</sup></b>                                 |           |                   |            |                   |          |
| <i>Gold</i>   |           |                   |            |                   |          |
| Production (oz)   | 18,144    | <b>22,319</b>     | 18,344     | <b>58,223</b>     | 40,773   |
| Sales (oz)  | 19,248    | <b>20,480</b>     | 16,842     | <b>52,624</b>     | 36,448   |
| Average realized price / oz <sup>(2)</sup>                                  | \$1,616   | <b>\$1,450</b>    | \$1,614    | <b>\$1,574</b>    | \$1,655  |
| <i>Copper</i>   |           |                   |            |                   |          |
| Production ('000 lbs)   | 3,852     | <b>4,558</b>      | 5,080      | <b>12,793</b>     | 11,307   |
| Sales ('000 lbs)  | 3,848     | <b>4,064</b>      | 5,454      | <b>11,885</b>     | 9,470    |
| Average realized price / lb <sup>(2)</sup>                                  | \$3.50    | <b>\$3.25</b>     | \$3.37     | <b>\$3.38</b>     | \$3.56   |
| <i>Silver</i>   |           |                   |            |                   |          |
| Production (oz)   | 191,374   | <b>303,704</b>    | 248,908    | <b>728,530</b>    | 439,199  |
| Sales (oz)  | 213,879   | <b>303,733</b>    | 284,440    | <b>759,384</b>    | 380,358  |
| Average realized price / oz <sup>(2)</sup>                                  | \$28.10   | <b>\$22.58</b>    | \$27.07    | <b>\$26.64</b>    | \$28.18  |
| <b>Financial Performance</b>  |           |                   |            |                   |          |
| Revenue <sup>(3)</sup>  | \$44,301  | <b>\$35,414</b>   | \$43,691   | <b>\$113,743</b>  | \$90,309 |
| Mining costs <sup>(4)</sup>   | \$26,163  | <b>\$26,153</b>   | \$27,857   | <b>\$70,939</b>   | \$58,836 |
| Depreciation and amortization   | \$6,441   | <b>\$7,226</b>    | \$4,803    | <b>\$17,686</b>   | \$11,059 |
| Impairment charge   | -         | <b>\$6,423</b>    | -          | <b>\$6,423</b>    | -        |
| Gross margin  | \$11,697  | <b>(\$4,388)</b>  | \$11,031   | <b>\$18,695</b>   | \$20,414 |
| Financial instruments (gain) loss   | (\$6,545) | <b>(\$33,700)</b> | (\$10,621) | <b>(\$51,993)</b> | \$8,602  |
| Net income (loss)   | \$6,483   | <b>\$11,315</b>   | \$12,118   | <b>\$31,449</b>   | (\$346)  |
| Net income (loss) per share (basic and diluted)                             | \$0.05    | <b>\$0.08</b>     | \$0.09     | <b>\$0.23</b>     | \$0.00   |
| Adjusted net income (loss) <sup>(5)</sup>                                   | \$922     | <b>(\$654)</b>    | \$3,611    | <b>\$4,608</b>    | \$3,149  |
| Adjusted net income (loss) per share (basic and diluted) <sup>(5)</sup>     | \$0.01    | <b>\$0.00</b>     | \$0.03     | <b>\$0.03</b>     | \$0.02   |
| Operating cash flows  | \$14,014  | <b>\$10,845</b>   | \$12,336   | <b>\$24,910</b>   | \$12,088 |
| Operating cash flows before non-cash working capital changes <sup>(5)</sup> | \$10,627  | <b>\$4,604</b>    | \$10,929   | <b>\$23,420</b>   | \$18,823 |
| Ending cash and cash equivalents  | \$14,346  | <b>\$11,484</b>   | \$11,094   | <b>\$11,484</b>   | \$11,094 |
| Restricted cash (including long-term)                                       | \$13,858  | <b>\$16,304</b>   | \$14,626   | <b>\$16,304</b>   | \$14,626 |
| Capital expenditures (including primary mine development) <sup>(6)</sup>    | \$8,753   | <b>\$4,283</b>    | \$4,941    | <b>\$17,265</b>   | \$17,304 |

- (1) Metals production and sales are from EVBC and the UMZ Mine. EVBC and the UMZ Mine reached commercial production in August 2011 and January 2012, respectively.
- (2) Sales volumes represented in the table above and in the tables below with respect to EVBC and the UMZ Mine include volume adjustments relating to final liquidations from prior period sales. Average realized metal prices are calculated by dividing gross revenue recorded for the period from sales of the particular metal, before deduction of treatment and refinement charges, by ounces of gold or silver or pounds of copper sold during the period. Sales volumes used to calculate average realized metal prices and unitary cash costs do not include volume adjustments relating to final liquidations from prior period sales.
- (3) Revenue represents (i) gross revenue derived from the sales of metals in the applicable period less transportation, treatment, refining, penalties and selling costs associated with such sales, (ii) plus or minus realized final liquidation amounts relating to metals sold in prior periods, (iii) plus or minus mark-to-market adjustments based on unrealized price fluctuations at period end relating to metals sold in the current or prior reporting periods prior to completion of final liquidations relating to such sales.
- (4) Mining costs represents all costs associated with the production of the metals sold in the period including mining, milling, administration, royalties and, in respect of the UMZ Mine, mining royalty taxes payable to the Bolivian government.
- (5) Adjusted net income (loss), adjusted net income (loss) per share and operating cash flows before non-cash working capital changes are non-IFRS performance measures with no standard definition under IFRS. For further information and a detailed reconciliation, please see the "Other Information - Non-IFRS Measures" section of the Q3 MD&A.
- (6) These amounts are presented in the consolidated cash flows in the Q3 Financials on a cash basis. Each reported period excludes unpaid capital expenditures for the EVBC Mine incurred in the period which will be paid in subsequent periods and includes capital expenditures incurred in prior periods and paid for in the applicable reporting period.

## **EVBC Operations, Spain**

With strong mining and processing performance and higher than average grade, EVBC achieved record production numbers for the third quarter of fiscal 2013 of 18,439 ounces of gold, 1.9 million pounds of copper and 58,856 ounces of silver. Recoveries increased on gold, copper and silver in the third quarter of fiscal 2013 primarily as a result of higher head grades and stability in blend and operations of the mill.

The Company continued to realize a strong benefit from the hoisting and shaft system at the Boinás Mine. There was increased haulage and processing flexibility with the ramp and shaft combination with the hoist achieving 74% of the volume of skarns extracted in May.

However, on June 16, 2013 an incident occurred resulting in material damage to the hoist/shaft system. EVBC personnel have responded well to the adversity and it appears the loss of hoisting capability will not be as significant as initially anticipated, based on July production performance. An alternative production schedule in response to the hoist incident has been completed and is being executed. In July 2013, under the revised production schedule, the EVBC Mine produced 5,651 ounces of gold, 0.6 million pounds of copper and 19,463 ounces of silver.

International shaft and hoist expert contractors and consultants have completed a recovery plan. The Company expects that it will take about six months to repair the shaft at an estimated cost of approximately \$3,500. As a result of this incident, the Company de-recognized a portion of the asset for the estimated cost to repair the damaged components of \$3,500. The repair costs will be capitalized to property, plant and equipment when incurred and future insurance proceeds will be recorded in "other income" once received.

The following table includes consolidated operating and financial performance data for the EVBC Mine for the periods set out below:

|   | Q2 2013   | Q3 2013           | Q3 2012    | YTD 2013          | YTD 2012 |
|---|-----------|-------------------|------------|-------------------|----------|
| <b>Operating Performance</b>  |           |                   |            |                   |          |
| Ore mined (tonnes) (wmt)  | 191,460   | <b>193,202</b>    | 161,115    | <b>547,713</b>    | 429,568  |
| Ore milled (tonnes) (dmt)   | 176,445   | <b>181,599</b>    | 150,711    | <b>503,934</b>    | 401,255  |
| <i>Gold</i>   |           |                   |            |                   |          |
| Grade (g/t)   | 3.04      | <b>3.41</b>       | 3.09       | <b>3.20</b>       | 2.72     |
| Recovery (%)  | 90.9      | <b>92.5</b>       | 93.4       | <b>92.3</b>       | 92.2     |
| Production (oz)   | 15,713    | <b>18,439</b>     | 13,983     | <b>48,101</b>     | 32,399   |
| Sales (oz)  | 16,824    | <b>16,808</b>     | 11,358     | <b>42,391</b>     | 29,380   |
| <i>Copper</i>   |           |                   |            |                   |          |
| Grade (%)   | 0.48      | <b>0.63</b>       | 0.51       | <b>0.54</b>       | 0.42     |
| Recovery (%)  | 80.4      | <b>87.3</b>       | 86.5       | <b>83.4</b>       | 84.3     |
| Production ('000 lbs)   | 1,488     | <b>1,942</b>      | 1,468      | <b>4,778</b>      | 3,151    |
| Sales ('000 lbs)  | 1,636     | <b>1,643</b>      | 934        | <b>4,095</b>      | 2,710    |
| <i>Silver</i>   |           |                   |            |                   |          |
| Grade (g/t)   | 10.0      | <b>12.1</b>       | 10.4       | <b>11.2</b>       | 9.4      |
| Recovery (%)  | 73.8      | <b>82.9</b>       | 78.4       | <b>79.1</b>       | 76.2     |
| Production (oz)   | 41,848    | <b>58,856</b>     | 39,621     | <b>143,581</b>    | 92,395   |
| Sales (oz)  | 43,183    | <b>51,934</b>     | 36,465     | <b>128,396</b>    | 77,101   |
| Total cash costs (by-product) (\$/oz of gold sold) <sup>(1)</sup>       | \$784     | <b>\$846</b>      | \$806      | <b>\$821</b>      | \$916    |
| Total production costs (by-product) (\$/oz of gold sold) <sup>(1)</sup> | \$1,076   | <b>\$1,178</b>    | \$968      | <b>\$1,127</b>    | \$1,181  |
| <b>Financial Performance</b>  |           |                   |            |                   |          |
| Revenue   | \$31,180  | <b>\$25,242</b>   | \$20,845   | <b>\$73,700</b>   | \$56,521 |
| Mining costs  | \$17,051  | <b>\$17,363</b>   | \$13,644   | <b>\$44,145</b>   | \$34,460 |
| Depreciation and amortization <sup>(2)</sup>                            | \$4,915   | <b>\$5,557</b>    | \$2,730    | <b>\$12,982</b>   | \$7,783  |
| Financial instruments (gain) loss                                       | (\$6,545) | <b>(\$33,700)</b> | (\$10,621) | <b>(\$51,993)</b> | \$8,602  |

|   | Q2 2013  | Q3 2013         | Q3 2012  | YTD 2013        | YTD 2012 |
|---|----------|-----------------|----------|-----------------|----------|
| Income (loss) before tax  | \$15,377 | <b>\$30,894</b> | \$15,100 | <b>\$62,264</b> | \$3,455  |
| Adjusted income (loss) before tax <sup>(1)</sup>                    | \$7,402  | <b>\$1,391</b>  | \$2,948  | <b>\$11,515</b> | \$8,447  |
| Capital expenditures (including primary development) <sup>(3)</sup> | \$3,243  | <b>\$2,900</b>  | \$7,507  | <b>\$9,500</b>  | \$21,075 |

- (1) Total cash costs (by-product) and total production costs (by-product) per ounce of gold sold and adjusted income (loss) before tax are non-IFRS performance measures with no standard definition under IFRS. For further information and a detailed reconciliation, please see the "Other Information - Non-IFRS Measures" section of the Q3 MD&A. Adjusted income before tax includes realized expenses in connection with financial instruments settled during the period and excludes the mark-to-market fair value adjustments of the Company's outstanding financial instruments at the end of the period.
- (2) Depreciation and amortization amounts set out in the table above include depreciation of amounts paid by the Company to acquire EVBC on the acquisition of Kinbauri and such total depreciation and amortization costs are included in the calculation of total production costs (by-product) per ounce of gold sold.
- (3) These amounts are presented on a cash basis. Each reported period excludes unpaid capital expenditures incurred in the period which will be paid in subsequent periods and includes capital expenditures incurred in prior periods and paid for in the applicable reported period.

### **UMZ Mine, Bolivia**

The performance of the UMZ Mine in Q3 2013 increased compared to the second quarter of fiscal 2013 mainly as a result of an overall increase in grades and recoveries for gold and silver. Higher throughput was also a factor for copper and silver. Improved recoveries were achieved as a result of increased access to sulphides from different areas of the UMZ Mine to allow for a better blending of ores being processed as well as a change in reagents.

The Company placed its sulphuric acid plant on care and maintenance and recorded an impairment charge of the plant and related consumables of \$6,423 as it determined it no longer economical to process oxides through the leach-precipitation-flotation ("LPF") process at this time as a result of, among other things, declining metals prices and rising prices of necessary consumables for the LPF process. LPF processing costs were significantly higher than flotation-only processing costs and throughput of the LPF circuit is approximately half that of the flotation-only circuit. This suspension of the LPF plant will result in increased production of about 5% per quarter.

During July 2013, the Company entered into regular annual union wage negotiations as mandated under Bolivian law. Intermittent work stoppages commenced in July by way of formal strike notice from the union for set short periods of time. The Company approached the Ministry of Labour to gain assistance on inappropriate actions being taken by the union. Negotiations have then proceeded normally with no work disruptions in late July and into August. The Company is focused on finalizing its annual wage negotiations.

|   | Q2 2013 | Q3 2013        | Q3 2012 | YTD 2013         | YTD 2012 |
|---|---------|----------------|---------|------------------|----------|
| <b>Operating Performance <sup>(1)</sup></b> |         |                |         |                  |          |
| Ore mined (tonnes)                          | 450,489 | <b>522,939</b> | 343,450 | <b>1,456,470</b> | 841,318  |
| Ore milled (tonnes)                         | 184,607 | <b>195,798</b> | 179,923 | <b>581,717</b>   | 402,330  |
| <i>Gold</i>                                 |         |                |         |                  |          |
| Grade (g/t)                                 | 1.01    | <b>1.39</b>    | 1.92    | <b>1.20</b>      | 1.84     |
| Recovery (%)                                | 40.7    | <b>44.3</b>    | 39.2    | <b>45.2</b>      | 35.1     |
| Production (oz)                             | 2,432   | <b>3,880</b>   | 4,361   | <b>10,122</b>    | 8,374    |
| Sales (oz) <sup>(2)</sup>                   | 2,424   | <b>3,672</b>   | 5,484   | <b>10,233</b>    | 7,068    |
| <i>Copper</i>                               |         |                |         |                  |          |
| Grade (%)                                   | 1.26    | <b>1.40</b>    | 1.83    | <b>1.37</b>      | 1.82     |
| Recovery (%)                                | 46.0    | <b>43.4</b>    | 49.7    | <b>45.6</b>      | 50.6     |
| Production ('000 lbs)                       | 2,363   | <b>2,616</b>   | 3,612   | <b>8,016</b>     | 8,156    |
| Sales ('000 lbs) <sup>(2)</sup>             | 2,212   | <b>2,421</b>   | 4,520   | <b>7,790</b>     | 6,760    |
| <i>Silver</i>                               |         |                |         |                  |          |
| Grade (g/t)                                 | 42.1    | <b>61.3</b>    | 87.6    | <b>52.0</b>      | 84.0     |

|   | Q2 2013  | Q3 2013           | Q3 2012  | YTD 2013         | YTD 2012 |
|---|----------|-------------------|----------|------------------|----------|
| Recovery (%)  | 59.8     | <b>63.5</b>       | 41.3     | <b>60.2</b>      | 31.9     |
| Production (oz)   | 149,526  | <b>244,848</b>    | 209,287  | <b>584,949</b>   | 346,804  |
| Sales (oz) <sup>(2)</sup>                                   | 170,697  | <b>251,799</b>    | 247,975  | <b>630,988</b>   | 303,257  |
| Total cash costs (co-product) (\$/lb) copper <sup>(3)</sup> | 2.47     | <b>\$2.15</b>     | \$2.35   | <b>\$2.21</b>    | \$3.18   |
| Total cash costs (co-product) (\$/oz) gold <sup>(3)</sup>   | \$1,155  | <b>\$925</b>      | \$1,119  | <b>\$1,023</b>   | \$1,030  |
| Total cash costs (co-product) (\$/oz) silver <sup>(3)</sup> | \$22.52  | <b>\$16.12</b>    | \$21.20  | <b>\$19.27</b>   | \$18.99  |
| <b>Financial Performance</b>                                |          |                   |          |                  |          |
| Revenue   | \$13,121 | <b>\$10,172</b>   | \$22,846 | <b>\$40,043</b>  | \$33,788 |
| Mining costs  | \$9,112  | <b>\$8,790</b>    | \$14,193 | <b>\$26,793</b>  | \$24,376 |
| Depreciation and amortization                               | \$1,499  | <b>\$1,669</b>    | \$2,073  | <b>\$4,704</b>   | \$3,276  |
| EMIPA Q3 adjustments <sup>(4)</sup>                         | -        | <b>9,194</b>      | -        | <b>\$9,194</b>   | -        |
| Income (loss) before tax                                    | \$369    | <b>(\$10,350)</b> | \$6,315  | <b>(\$3,918)</b> | \$4,944  |
| Adjusted income (loss) before tax                           | \$369    | <b>(\$1,156)</b>  | \$6,315  | <b>\$5,276</b>   | \$4,944  |
| Capital expenditures  | \$423    | <b>\$317</b>      | \$232    | <b>\$2,110</b>   | \$806    |

- (1) The UMZ Mine commenced commercial production on January 1, 2012. Information relating to production for fiscal 2012 includes production from the UMZ Mine during the start-up and commissioning period in the first quarter of fiscal 2012. Sales for the first quarter of fiscal 2012 from the UMZ Mine were credited against capitalized commissioning costs and sales from January 1, 2012 onwards were recorded as revenue.
- (2) The sales volumes for the first quarter of fiscal 2013 have been adjusted from the previously reported information to deduct volume adjustments relating to final liquidations from prior period sales. Sales volume used to calculate unitary cash costs do not include volume adjustments relating to final liquidations from prior period sales.
- (3) Total cash costs (co-product) per pound of copper and per ounce of gold and silver are non-IFRS performance measures with no standard definition under IFRS. For further information and a detailed reconciliation, please see the "Other Information - Non-IFRS Measures" section of the Q3 MD&A.
- (4) Other expenses include \$7,807 of non-recurring payments including the LPF plant impairment charge and \$1,384 in payments made to union employees.

### **Copperwood Project**

Orvana continues to advance its copper project (the "Copperwood Project") located in the Upper Peninsula of Michigan, United States. The Company has achieved the necessary permits. Optimization work is being done further to the Copperwood Project feasibility study, with a focus on additional metallurgical testing and mine design.

Total capital expenditures in respect of the Copperwood Project during Q3 2013 and for the nine months ended March 31, 2013 were \$362 and \$2,647, respectively, compared to a total of \$5,842 in fiscal 2012. These capital expenditures included metallurgical testing, mine planning, costs associated with permitting including the Wetland Permit, well field investigation and peer review and supporting costs. Orvana is continuing to investigate a variety of possible options to enhance the value of the Copperwood Project to Orvana's shareholders including mine financing, partnerships and third party acquisition.

### **Liquidity**

In addition to its long-term debt at EVBC, the Company has a loan facility (the "Fabulosa Loan") with Fabulosa Mines Limited ("Fabulosa"), the Company's 52% shareholder, in the amount of \$11,500. Orvana is making principal and interest payments under the EVBC Loan, interest and stand-by fees payments under the Fabulosa Loan and repaid \$3,000 of principal under the Fabulosa Loan in the third quarter to date.

The Fabulosa Loan was amended subsequent to the end of the quarter. The availability and maturity periods were extended until September 30, 2014 from August 31, 2013 and December 31, 2013, respectively. Interest of 12%, is payable monthly along with stand-by fees. Principal amounts outstanding under the Fabulosa Loan are now required to be repaid in the minimum amount of \$500 per month commencing on April 1, 2014, provided that the entire principal and

interest will be repaid by the new maturity date. In connection with such extension and amendment, the Company agreed to issue warrants to purchase 500,000 common shares of the Company exercisable for five years at an exercise price equal to an average of current market trading prices, subject to the approval of the Toronto Stock Exchange.

Debt net of cash, cash equivalents and restricted cash for debt repayment stood at \$44,400 at June 30, 2013. At the date hereof, the Company has the ability to draw approximately \$8,770 under the Fabulosa Loan until September 30, 2014.

## **Outlook**

Orvana's short-term focus is operational optimization at EVBC and the UMZ Mine to generate increasing operating cash flows in order to pay down debt. Operational and corporate reviews have been initiated to seek means to reduce operating and capital costs to improve liquidity and cash flows given the recent declines and continued volatility in the metals markets. As well, Orvana will continue to de-risk the Copperwood Project and look for means to possibly advance the development.

Fiscal 2013 guidance for production remains at 75,000 ounces of gold (58,223 ounces for the first three quarters), 18 million pounds of copper (12.8 million pounds for the first three quarters) and 850,000 ounces of silver (728,530 ounces for the first three quarters).

Total EVBC production for the nine months ended June 30, was 48,101 ounces of gold (fiscal 2013 guidance of 63,000), 4.8 million pounds of copper (fiscal 2013 guidance of 6 million) and 143,581 ounces of silver (fiscal 2013 guidance of 200,000). During fiscal 2013, the Company's focus at EVBC has been on improving head grade, increasing gold production and reducing total cash costs (net of by-product revenue) per ounce of gold. The Company will continue to focus on these initiatives over the next six months while the shaft recovery project is underway. There has been good initial success with the ramp haulage production at the Boinás Mine and continued efforts to push production will occur. EVBC personnel have responded well to the adversity and it appears the loss of hoisting capability will not be as significant as initially anticipated, based on July production performance at EVBC.

Total UMZ Mine production for the nine months ended June 30, 2013 was 10,122 ounces of gold (fiscal 2013 guidance of 12,000), 8.0 million pounds of copper (fiscal 2013 guidance of 12 million) and 584,949 ounces of silver (fiscal 2013 guidance of 650,000). During fiscal 2013, the Company's focus at the UMZ Mine has been on improving metal production and reducing operating costs. The suspension of the LPF process will contribute materially to these goals, particularly in unit cost reduction.

Orvana's long-term focus is to utilize future cash flow and mining capabilities to build long-term value for its shareholders. Growth opportunities, particularly near the Spanish operations, are being investigated.

***The Company will hold a conference call on August 9, 2013 at 3:00 p.m. (Eastern Time) to discuss its financial and operational results for the third quarter of fiscal 2013. Following the presentation there will be a question and answer period for analysts and investors.***

***The conference call can be accessed at 1-416-340-2217 or the North American toll-free number at 1-866-696-5910, using the pass code 8728 099 followed by the number sign.***

## **About Orvana**

Orvana Minerals is a multi-mine gold and copper producer. Orvana's primary asset is the El Valle-Boinás/Carlés gold-copper Mine in northern Spain. Orvana also owns and operates the

Don Mario Mine in Bolivia, processing its copper-gold-silver Upper Mineralized Zone deposit. Orvana is also advancing its Copperwood copper project in Michigan, USA. Additional information is available at Orvana's website ([www.orvana.com](http://www.orvana.com)).

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**Forward Looking Disclaimer**

*Certain statements in this press release constitute forward-looking statements or forward-looking information within the meaning of applicable securities laws ("forward-looking statements"). Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, potentials, future events or performance (often, but not always, using words or phrases such as "believes", "expects" "plans", "estimates" or "intends" or stating that certain actions, events or results "may", "could", "would", "might", "will" or "are projected to" be taken or achieved) are not statements of historical fact, but are forward-looking statements.*

*Forward-looking statements relate to, among other things, all aspects of the development of the Upper Mineralized Zone deposit ("the UMZ Mine") at the Don Mario Mine in Bolivia, the El Valle-Boinás/Carlés Mine (the "EVBC Mine") in Spain and the Copperwood project (the "Copperwood Project") in Michigan and their operations and production; the outcome and timing of decisions with respect to whether and how to proceed with such development and production; the timing and outcome of any such development and production; estimates of future capital expenditures; mineral resource estimates; estimates of permitting time lines; statements and information regarding future feasibility studies and their results; production forecasts; future transactions; future metal prices; the ability to achieve additional growth and geographic diversification; future operating costs; future financial performance, including the ability to increase cash flow and profits; future financing requirements; and mine development plans.*

*Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by Orvana as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The estimates and assumptions of Orvana contained or incorporated by reference in this news release, which may prove to be incorrect, include, but are not limited to, the various assumptions set forth herein and in the Company's most recently filed Management's Discussion & Analysis and Annual Information Form in respect of the Company's most recently completed fiscal year (the "Annual Disclosures"), or as otherwise expressly incorporated herein by reference as well as: there being no significant disruptions affecting operations, whether due to labour disruptions, supply disruptions, power disruptions, damage to equipment or otherwise; permitting, development, operations, expansion and acquisitions at the UMZ Mine, the EVBC Mine and the Copperwood Project being consistent with the Company's current expectations; political developments in any jurisdiction in which the Company operates being consistent with its current expectations; certain price assumptions for gold, copper and silver; prices for key supplies being approximately consistent with current levels; production and cost of sales forecasts meeting expectations; the accuracy of the Company's current mineral reserve and mineral resource estimates; and labour and materials costs increasing on a basis consistent with Orvana's current expectations.*

*A variety of inherent risks, uncertainties and factors, many of which are beyond the Company's control, affect the operations, performance and results of the Company and its business, and could cause actual events or results to differ materially from estimated or anticipated events or results expressed or implied by forward looking statements. Some of these risks, uncertainties and factors include fluctuations in the price of gold, silver and copper; the need to recalculate estimates of resources based on actual production experience; the failure to achieve production estimates; variations in the grade of ore mined; variations in the cost of operations; the availability of qualified personnel; the Company's ability to obtain and maintain all necessary regulatory approvals and licenses; the Company's ability to use cyanide in its mining operations; risks generally associated with mineral exploration and development, including the Company's ability to continue to operate the UMZ Mine and/or the EVBC Mine or develop the Copperwood Project; the Company's ability to acquire and develop mineral properties and to successfully integrate such acquisitions; the Company's ability to obtain financing when required on terms that are acceptable to the Company; challenges to the Company's interests in its property and mineral rights; current, pending and proposed legislative or regulatory developments or changes in political, social or economic conditions in the countries in which the Company operates; general economic conditions worldwide; and the risks identified in the Annual Disclosures under the heading "Risks and Uncertainties". This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements and reference should also be made to the Company's Annual Disclosures for a description of additional risk factors.*

*Forward-looking statements are based on management's current plans, estimates, projections, beliefs and opinions and, except as required by law, the Company does not undertake any obligation to update forward-looking statements should assumptions related to these plans, estimates, projections, beliefs and opinions change. Readers are cautioned not to put undue reliance on forward-looking statements.*