

(All amounts in US dollars unless otherwise stated)

- Q3 2016 production of 16,038 oz of gold and 3.8 million lbs of copper; gold equivalent production of 23,859 oz
- Q3 2016 gold sales increased 13% to 16,496 oz and copper sales increased 63% to 3.9 million lbs compared to Q2 2016
- Over \$20 million in debt and prepayment financing secured in recent months to increase liquidity and support operational growth plans
- Commenced carbon-in-leach recommissioning project at Don Mario Mine
- Plans to restart mining activity at Carlés Mine on a short-term basis
- Appointment of Jim Gilbert as Chief Executive Officer

TSX:ORV

TORONTO, Aug. 4, 2016 /CNW/ - [Orvana Minerals Corp.](#) (TSX:ORV) (the "Company" or "Orvana") announced today financial and operational results for the third quarter of fiscal 2016 ("Q3 2016"). The Company is also providing operational updates for its OroValle (El Valle Mine) operations in northern Spain and for its EMIPA (Don Mario Mine) operations in Bolivia.

The unaudited condensed interim consolidated financial statements for Q3 2016 and Management's Discussion and Analysis related thereto are available on SEDAR and on the Company's website at www.orvana.com.

Q3 2016 Consolidated Operating and Financial Highlights

	Q3 2016	Q2 2016	Q3 2015	YTD 2016	YTD 2015
Operating Performance					
Gold					
Grade (g/t)	2.12	2.28	1.89	2.17	2.25
Recovery (%)	76.2	76.1	79.3	77.9	76.8
Production (oz)	16,038	17,116	16,012	50,943	57,610
Sales (oz)	16,496	14,659	19,121	47,111	59,417
Average realized price / oz	\$1,258	\$1,176	\$1,194	\$1,202	\$1,213
Copper					
Grade (%)	0.85	0.78	0.92	0.80	1.04
Recovery (%)	66.3	62.5	77.3	66.7	76.7
Production ('000 lbs)	3,833	3,320	5,187	11,104	18,192
Sales ('000 lbs)	3,879	2,379	6,266	10,071	19,290
Average realized price / lb	\$2.13	\$2.07	\$2.74	\$2.15	\$2.83
Silver					
Grade (g/t)	14.92	16.36	21.56	17.97	19.34
Recovery (%)	75.9	73.7	68.4	74.3	65.9
Production (oz)	112,507	119,175	157,172	403,345	424,012
Sales (oz)	111,949	100,814	175,136	373,327	433,839
Average realized price / oz	\$16.91	\$14.62	\$16.47	\$15.40	\$16.61
Financial Performance (in 000's, except per share amounts)					
Revenue	\$26,030	\$21,279	\$32,162	\$69,806	\$101,040
Mining costs	\$21,809	\$19,045	\$29,834	\$61,660	\$81,748
Gross margin	\$406	(\$821)	(\$5,791)	(\$4,284)	(\$3,265)
Net loss	(\$1,181)	(\$2,670)	(\$5,522)	(\$6,927)	(\$8,914)
Net loss per share (basic/diluted)	(\$0.01)	(\$0.02)	(\$0.04)	(\$0.05)	(\$0.07)
Operating cash flows before non-cash working capital changes ⁽¹⁾	\$3,223	(\$81)	\$1,026	\$4,013	\$11,143
Operating cash flows	\$2,176	(\$535)	\$6,667	\$3,216	\$26,153
Ending cash and cash equivalents	\$12,021	\$15,006	\$23,874	\$12,021	\$23,874
Capital expenditures ⁽²⁾	\$3,122	\$2,745	\$1,720	\$9,583	\$7,777
Cash operating costs (by-product) (\$/oz) gold ⁽¹⁾	\$1,035	\$1,100	\$1,055	\$1,045	\$867
All-in sustaining costs (by-product) (\$/oz) gold ⁽¹⁾⁽²⁾	\$1,311	\$1,411	\$1,243	\$1,344	\$1,133

(1) Operating cash flows before non-cash working capital changes, cash operating costs ("COC") and all-in sustaining costs ("AISC") are non-IFRS performance measures.

(2) These amounts are presented in the consolidated cash flows on a cash basis. Each reported period excludes 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 reporting period. The calculation of AISC includes capex incurred (paid and unpaid) during the period.

Recent Developments

Through the completion of the \$12.5 million prepayment facility with Samsung C&T U.K. Ltd. ("Samsung C&T") (the "Prepayment Facility") and the \$7.9 million loan facility with Banco BISA S.A. (the "BISA Loan"), the Company now has the financial resources to fully realize its business plans. By improving its liquidity position, the Company is able to pursue its initiatives at El Valle and Don Mario on an accelerated basis in order to meet its objectives of optimizing production, lowering unitary cash costs, maximizing free cash flow, extending the life-of-mine of its operations and growing its operations to deliver shareholder value.

At El Valle, the Company advanced with its power and water infrastructure projects by installing a surface diesel generator, upgrading its current power system and executing an improved dewatering strategy to reduce impacts to production. These initiatives have returned positive results in recent months and are expected to allow El Valle to deliver higher ore tonnes mined and development meters. In July 2016, the Company announced the \$12.5 million Prepayment Facility with Samsung C&T, the proceeds of which are expected to be invested into El Valle. Acceleration of underground mine development and the execution of planned water and power infrastructure projects are required to meet El Valle's long-term objectives of increasing production and lowering unitary costs. The proceeds will also support the restart of mining activity at the Carlés Mine to increase production in the near-term while the Company executes on El Valle's long-term objectives. The Company expects to satisfy all closing conditions of the Prepayment Facility and to drawdown thereon in August.

At Don Mario, the Company has commenced the recommissioning of the carbon-in-leach circuit ("CIL Project") after successfully closing the \$7.9 million BISA Loan. The CIL Project together with the existing flotation plant best positions Don Mario for the future and is expected to result in the operation maximizing the value of the recently defined resource material, generating expected free cash flow through fiscal 2017. Furthermore, the CIL Project could provide enhanced processing capabilities to leverage other known opportunities in the future.

The Company reported in its press release, dated May 4, 2016, that it would require external financing through debt, equity or other sources to support its activities over the next eighteen months. The Company's liquidity position had deteriorated in large part due to the recent commitment to satisfy an additional €5.0 million environmental reclamation bond in Spain. Consequently, the Company reported in its second quarter financial statements that its circumstances may have cast significant doubt as to the Company's ability to continue as a going concern. Through the completion of the Prepayment Facility and BISA Loan and, together with the current gold price and Euro to USD foreign exchange environment, the Company believes, based on its current cash flow forecasts, that it has sufficient available liquidity to carry out its business plan at both operations and significant going concern uncertainty no longer exists.

The Company is also pleased to announce the appointment of Jim Gilbert as Chairman and Chief Executive Officer of the Company effective August 4, 2016. Mr. Gilbert takes over the position from Jeff Hillis who will carry on with the Company in his role as Chief Financial Officer. Gordon Pridham will continue in his role as Lead Independent Director to the Company.

"With the announcement of our recent financing arrangements with Banco BISA and Samsung C&T, Orvana is now positioned to deliver on its long-term objectives," stated Jim Gilbert, Chairman and Chief Executive Officer. "We are proud of the accomplishments made by our people through this fiscal year in advancing our infrastructure and development projects at El Valle and the commencement of the recommissioning of the CIL circuit at Don Mario. Orvana looks forward to reporting on its progress towards its objectives of increasing metal production, lowering unitary costs and capitalizing on the strengthening precious metal markets. We also want to thank Jeff Hillis, Chief Financial Officer, for his efforts as Interim Chief Executive Officer, which were critical in sustaining the forward momentum attained by the Company during his tenure in this role."

The following table sets out Orvana's Q3 2016 results as well as its updated fiscal 2016 production and cost guidance:

YTD 2016 FY2016

	Actual	Revised Guidance
El Valle Mine Production		
Gold (oz)	35,474	43,000 – 46,000
Copper (million lbs)	3.0	4.5 – 5.0
Silver (oz)	108,188	120,000 - 130,000
Don Mario Mine Production		
Gold (oz)	15,469	20,000 – 21,000
Copper (million lbs)	8.1	11.0 – 12.0
Silver (oz)	295,157	330,000 – 370,000
Total Production		
Gold (oz)	50,943	63,000 – 67,000
Copper (million lbs)	11.1	15.5 – 17.0
Silver (oz)	403,345	450,000 – 500,000
Total capital expenditures	\$9,583	\$17,000 - \$19,000
COC (by-product) (\$/oz) gold ⁽¹⁾	\$1,045	\$1,000 - \$1,100
AISC (by-product) (\$/oz) gold ⁽¹⁾	\$1,344	\$1,300 - \$1,400

(1) FY2016 guidance assumptions for COC and AISC include by-product commodity prices of \$2.10 per pound of copper and \$15.00 per ounce of silver and an average Euro to US Dollar exchange of 1.15.

Operational Update and Growth Initiatives

El Valle Mine

Q3 2016 gold production decreased by 17% and copper and silver production increased by 71% and 24% to 9,806 ounces, 1.1 million pounds and 35,810 ounces, respectively, compared with Q2 2016. Gold production was negatively impacted by a decrease in gold average head grade of 20%, whereas copper and silver average head grades improved by 41% and 21%, respectively.

COC (by-product) of \$1,249 per ounce of gold sold in Q3 2016 were \$182 or 17% higher than in Q2 2016. Total AISC (by-product) of \$1,591 per ounce of gold sold in Q3 2016 were \$327 or 26% higher than in Q2 2016. COC in Q3 2016 were higher compared with Q2 2016 primarily due to lower gold ounces sold. AISC were also higher due to increased capital expenditures during Q3 2016.

Skarns production increased by 5% over Q3 2016 compared with Q2 2016. Higher production was due to increased development completed to access stopes in recent months, enabled by recent upgrades to mine power infrastructure.

To further increase skarns production and to take advantage of current gold price and foreign exchange conditions, the Company has also initiated actions to restart the Carlés Mine under a short-term mining plan beginning in the fourth quarter of fiscal 2016. Production will be focused on the Carlés East and CZ zones, targeting approximately 115,000 tonnes of ore with an average gold grade of 2.5 g/t. Mining activities will be carried out by a local Spanish mining contractor that has recently been engaged by OroValle. The capital commitment required to restart Carlés is expected to be minimal as the ore is readily accessible with little to no primary development required. Further material may exist in the Carlés NW zone that could provide opportunity to expand the Carlés Mine plan. The Company expects to complete infill drilling on Carlés NW during the project timeframe.

Oxide production remained consistent over Q2 and Q3 2016. Lower production at the beginning of the quarter due to ongoing development and backfill activities was offset by longer stopes and lower waste than expected towards June. With the opening of the new AR195 zone at the end of Q3 2016, oxide production is now expected to continue to increase through the remainder of fiscal 2016.

Dewatering and power improvements have continued during Q3 with the objective of improving future production. Progress continued on the draining of the aquifer and the Company has made improvements to its future dewatering strategy. Interim solutions to increase power capacity were implemented, including installation of a new high capacity surface diesel generator and upgrades made to the existing power system. The administrative approval process continues on the construction of an additional permanent power line.

Don Mario Mine

Q3 2016 gold and copper production at Don Mario increased by 17% and 2% to 6,232 ounces and 2.7 million pounds, respectively, compared to Q2 2016 primarily as a result of higher grades mined from the Lower Mineralized Zone ("LMZ"), as well as higher recoveries. Silver production decreased by 15% to 76,697 ounces of silver compared to Q2 2016 due to lower grades partially offset by higher recoveries. Higher gold grades and lower copper and silver grades are expected through the end of the fiscal year as material from the Upper Mineralized Zone ("UMZ") is replaced with LMZ ore in the production of concentrates.

COC (co-product) in Q3 2016 was \$925 per ounce of gold or 25% lower, \$1.69 per pound of copper or 26% lower and \$13.43 per ounce of silver or 20% lower compared with \$1,236 per ounce of gold, \$2.29 per pound of copper and \$16.74 per ounce of silver in Q2 2016. AISC (co-product) in Q3 2016 of \$1,025 per ounce of gold or 34% lower, \$1.81 per pound of copper or 36% lower and \$14.40 per ounce of silver or 30% lower compared with \$1,557 per ounce of gold, \$2.84 per pound of copper and \$20.70 per ounce of silver in Q2 2016. The decreases in co-product COC and AISC were driven primarily by higher gold ounces sold in the third quarter from delayed shipments in the second quarter and from the changes in metal content ratios from the LMZ ore mined through fiscal 2016 against the UMZ ore mined through fiscal 2015.

Don Mario previously processed ore from the LMZ and Cerro Felix in the CIL circuit where it achieved an average gold recovery of over 80%. EPCM Consultores SRL ("EPCMC"), together with Lycopodium Minerals Canada, completed a capital cost estimate to recommission the CIL circuit (the "CIL Project"). For the selected process option, the capital cost estimate is \$6.4 million to accuracy estimate of +/- 15% including owner's costs and 15% contingency. Results of a metallurgical testing program undertaken by the Company indicate potential gold recovery of higher than historical rates can be achieved by processing LMZ resource material through a re-commissioned CIL circuit.

During Q3, the Company initiated the purchase of long-lead components of the CIL Project and, subsequent to closing the BISA Loan, the Company entered into a contract with EPCMC for the construction of the CIL Project. Procurement, refurbishment, and construction activities are underway while the detailed engineering is being finalized. The CIL Project is expected to result in lower unitary cash costs and maximize the value of recently defined Don Mario resource estimates, along with providing the processing capabilities necessary to leverage exploration and potential business opportunities. Upon commissioning of the CIL circuit, Don Mario will shift to production of gold doré in lieu of the current gold concentrate, and will continue to produce copper concentrate. The CIL Project is expected to be completed within six months.

The commissioning of the CIL circuit may also provide the Company with additional economic opportunities for processing existing material. In recent months, the Company has been re-evaluating the economic potential of its existing mineral stockpile and expects to have the results of this testing by the end of 2016. The Company will also be commencing an evaluation of processing of tailings material to determine the viability of recovering gold that has been deposited into the tailings facility as a result of the flotation-only process used since 2011.

About Orvana

Orvana is a multi-mine gold and copper producer. Orvana's operating assets consist of the producing gold-copper-silver El Valle mine in northern Spain and the producing gold-copper-silver Don Mario mine in Bolivia. Additional information is available at Orvana's website (www.orvana.com).

Cautionary Statements - Forward-Looking Information

Certain statements in this information 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.

The forward-looking statements herein relate to, among other things, Orvana's ability to achieve improvement in free cash flow; the potential to extend the mine life of El Valle and Don Mario beyond their current life-of-mine estimates; Orvana's ability to optimize its assets to deliver shareholder value; the Company's ability to optimize productivity at Don Mario and El Valle; estimates of future production, operating costs and capital expenditures; mineral resource and reserve estimates; statements and information regarding future feasibility studies and their results; future transactions; future metal prices; the ability to achieve additional growth and geographic diversification; 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 the Company as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The estimates and assumptions of the Company contained or incorporated by reference in this information, which may prove to be incorrect, include, but are not limited to, the various assumptions set forth herein and in Orvana's most recently filed Management's Discussion & Analysis and Annual Information Form in respect of the Company's most recently completed fiscal year (the "Company 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 El Valle and Don Mario 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 El Valle and/or Don Mario and/or ability to resume operations at the Carlés Mine; the Company's ability to acquire and develop mineral properties and to successfully integrate such acquisitions; the Company's ability to execute on its strategy; 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 Company's 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 Disclosures for a description of additional risk factors.

Any forward-looking statements made in this information with respect to the anticipated development and exploration of the Company's mineral projects are intended to provide an overview of management's expectations with respect to certain future activities of the Company and may not be appropriate for other purposes.

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.

The forward-looking statements made in this information are intended to provide an overview of management's expectations with respect to certain future operating activities of the Company and may not be appropriate for other purposes.

Contact

Jeffrey Hillis, Chief Financial Officer, T (416) 369-6281, E jhillis@orvana.com; Joanne Jobin, Investor Relations Officer, T (416) 369-6275, E jjobin@orvana.com