

- Gold production of 65,785 ounces and silver production of 525,934 ounces, meeting revised guidance; copper production of 14.7 million pounds
- Gold equivalent production of approximately 98,960 ounces
- El Valle and Don Mario Mines repositioned for enhanced production in 2017 and beyond
- Over \$20 million in debt financing raised in 2016 to support operations optimization initiatives

TSX:ORV

TORONTO, Dec. 13, 2016 /CNW/ - [Orvana Minerals Corp.](#) (TSX:ORV) (the "Company" or "Orvana") announced today financial and operational results for the fourth quarter ("Q4 2016") and for the fiscal year ended September 30, 2016 ("fiscal 2016").

The audited consolidated financial statements for fiscal 2016 ("2016 Financials") and Management's Discussion and Analysis related thereto ("2016 MD&A") are available on SEDAR and on the Company's website at www.orvana.com.

Fiscal 2016 Highlights

The Company's strategic objectives to increase production at its operations include productivity enhancements to allow for delivery of greater throughput, increased gold recovery and lower unitary costs. In that regard, the Company accomplished the following milestones in fiscal 2016:

- Productivity ‐ At El Valle, recent upgrades to power infrastructure yielded positive results during the second half of fiscal 2016, increasing development rates by 50% over the same period. In addition, improvements to water management and dewatering strategies at El Valle, which will continue during fiscal 2017, materially improved both productivity in affected areas of the mine and the quality of water discharged from the mine. At Don Mario, the Company's mining activities transitioned from mining the remaining Upper Mineralized Zone to the higher gold grade Lower Mineralized Zone.
- Financing ‐ The Company has secured \$20 million in debt financing during fiscal 2016 in support of its objectives. A \$12.5 million prepayment facility was secured with Samsung C&T U.K. Ltd. to fund the capital infrastructure improvements and development projects required to support productivity enhancements at El Valle. At Don Mario, \$7.9 million in project financing was secured with a local Bolivian bank to support the recommissioning of the CIL circuit, which is expected to result in improvements in gold recoveries.
- Management ‐ The Company reconstituted its management and board during fiscal 2016, with a mandate to drive repositioning of its El Valle and Don Mario Mine assets.

"While we are obviously pleased to have achieved our guidance for fiscal 2016, producing just under 100,000 ounces on a gold equivalent basis, of greater importance is the aggressive plan we have put in place to drive up productivity and drive down unit costs at both of our operations", said Jim Gilbert, Chairman and CEO of Orvana. "We raised the necessary funding and commenced investment projects and operational improvements at El Valle, where development rates have increased by half. In addition, we have resolved production disruptions from power supply and water management issues, with a view to pushing the mill to full capacity in fiscal 2017 and beyond. At Don Mario, we raised local financing for the CIL recommissioning project, which is projected to increase gold recoveries by more than 25% and will also allow us to look at opportunities for profitably extending the life of mine in Bolivia."

Strategy and Outlook

The Company's most important objectives through fiscal 2017 and beyond are to increase productivity rates at both its operations and to extend the mine life of Don Mario Mine beyond fiscal 2018.

El Valle:

- At El Valle, the Company's primary objective is improving underground mining rates to meet plant nameplate capacity of 2,000 tonnes per day, representing an increase in production of 60%. In targeting such an increase, the Company is executing on the following:
 - Construction of a new power line to support increased requirements. The Company received the first of its permits subsequent to fiscal 2016 and expects to finalize construction at the end of fiscal 2017.
 - Continuing improvements to water and ventilation systems, de-risking production and increasing access to ore bodies.
 - Completion of ongoing optimization studies, including the conclusion of a long-term backfill solution as well as a comprehensive review of mining methods for both skarns and oxides.
 - The Carlés Mine was also restarted at the end of fiscal 2016 in order to provide a productivity increase through fiscal 2017 with little to no capital outlay required.

Don Mario:

- At Don Mario, the Company is focusing on achieving higher gold recoveries with the recommissioning of the CIL circuit, expected to be fully operational at the beginning of the second quarter of fiscal 2017. Once operational, the CIL circuit is expected to return higher gold recoveries compared with the current flotation process.
- The CIL circuit furthermore supports Don Mario's objective of extending mine life, as the enhanced processing capabilities of the CIL circuit support other known opportunities in the future, including mining from the Cerro Felix and Las Tojas areas as well as tailings reprocessing.
- The Company is also expecting to increase mine life at Don Mario through the processing of 2.2 million tonnes of oxide stockpiles with an average estimated gold grade of 1.84 g/t. Oxide stockpile studies are underway and are expected to return results at the end of the first quarter of fiscal 2017.

While maintaining its focus on optimizing current operations, the Company will also evaluate strategic alternatives that could accelerate the growth of the Company.

FY 2017 Production and Cost Guidance

	FY 2016	FY 2016 FY 2017	
	Revised Guidance	Actual	Guidance
El Valle Mine Production			
Gold (oz)	43,000 – 46,000	44,683	50,000 – 55,000
Copper (million lbs)	4.5 – 5.0	4.3	6.0 – 6.5
Silver (oz)	120,000 - 130,000	144,411	170,000 – 200,000
Don Mario Mine Production			
Gold (oz)	20,000 – 21,000	21,102	35,000 – 40,000
Copper (million lbs)	11.0 – 12.0	10.5	7.0 – 7.5
Silver (oz)	330,000 – 370,000	381,523	130,000 – 150,000
Total Production			
Gold (oz)	63,000 – 67,000	65,785	85,000 – 95,000
Copper (million lbs)	15.5 – 17.0	14.7	13.0 – 14.0
Silver (oz)	450,000 – 500,000	525,934	300,000 – 350,000
Total capital expenditures	\$17,000 – \$19,000	\$14,977	\$27,000 – \$30,000
Cash operating costs (by-product) (\$/oz) gold ⁽¹⁾	\$1,000 – \$1,100	\$1,082	\$1,050 – \$1,150
All-in sustaining costs (by-product) (\$/oz) gold ⁽¹⁾	\$1,300 – \$1,400	\$1,428	\$1,300 – \$1,400

(1) FY2017 guidance assumptions for COC and AISC include by-product commodity prices of \$2.00 per pound of copper and \$18.00 per ounce of silver and an average Euro to US Dollar exchange of 1.12.

Selected Operational and Financial Information

	Q4 2016	Q4 2015	FY 2016	FY 2015
Operating Performance				
Gold				
Production (oz)	14,842	15,206	65,785	72,817
Sales (oz)	14,705	13,887	61,816	73,304
Copper				
Production ('000 lbs)	3,630	4,409	14,734	22,601
Sales ('000 lbs)	3,296	4,666	13,367	23,956
Silver				
Production (oz)	122,589	174,027	525,934	598,039
Sales (oz)	96,520	162,566	469,847	596,405
Financial Performance (in 000's, except per share amounts)				
Revenue	\$24,044	\$20,385	\$93,850	\$121,425
Mining costs	\$22,884	\$23,636	\$84,544	\$105,384
Gross margin	(\$3,599)	(\$10,589)	(\$7,883)	(\$13,854)
Net loss	(\$1,528)	(\$7,819)	(\$8,455)	(\$16,733)
Net loss per share (basic/diluted)	(\$0.01)	(\$0.06)	(\$0.06)	(\$0.12)
Ending cash and cash equivalents	\$18,939	\$17,236	\$18,939	\$17,236
Capital expenditures ⁽²⁾	\$5,394	\$2,340	\$14,977	\$10,118
Cash operating costs (by-product) (\$/oz) gold ⁽¹⁾	\$1,205	\$1,297	\$1,082	\$949
All-in sustaining costs (by-product) (\$/oz) gold ⁽¹⁾⁽²⁾	\$1,699	\$1,540	\$1,428	\$1,210

(1) 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 in the 2016 Financials 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.

About Orvana

Orvana is a multi-mine gold and copper producer. Orvana's operating assets consist of the producing gold-copper-silver El Valle and Carlés mines 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 long-term operations at 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.

Cautionary Notes to Investors & Reserve and Resource Estimates

In accordance with applicable Canadian securities regulatory requirements, all mineral reserve and mineral resource estimates of the Company disclosed in this AIF have been prepared in accordance with NI 43-101 (as defined below), classified in accordance with Canadian Institute of Mining Metallurgy and Petroleum's "CIM Standards on Mineral Resources and Reserves Definitions and Guidelines" (the "CIM Guidelines").

Pursuant to the CIM Guidelines, mineral resources have a higher degree of uncertainty than mineral reserves as to their existence as well as their economic and legal feasibility. Inferred mineral resources, when compared with measured or indicated mineral resources, have the least certainty as to their existence, and it cannot be assumed that all or any part of an inferred mineral resource will be upgraded to an indicated or measured mineral resource as a result of continued exploration. Pursuant to NI 43-101, inferred mineral resources may not form the basis of any economic analysis, including any feasibility study. Accordingly, readers are cautioned not to assume that all or any part of a mineral resource exists, will ever be converted into a mineral reserve, or is or will ever be economically or legally mineable or recovered.

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