

First Quarter 2017 achievements:

- Gold production increase of 6% from Q4 2016 to 15,699 ounces, copper production of 3.6 million pounds and silver production of 108,280 ounces
- Gold equivalent production of approximately 24,341 ounces
- Productivity improvement continues at El Valle and Don Mario Mines and positions Orvana to deliver higher production going forward
- Don Mario carbon-in-leach circuit re-commissioning nearing completion, first commercial delivery planned February 2017

TSX:ORV

TORONTO, Feb. 7, 2017 /CNW/ - [Orvana Minerals Corp.](#) (TSX:ORV) (the "Company" or "Orvana") announced today financial and operational results for the first quarter of fiscal 2017 ("Q1 2017"). The Company is also providing financial and operational results for its OroValle (El Valle and Carlés Mines) operations in northern Spain and for its EMIPA (Don Mario Mine) operations in Bolivia.

The unaudited condensed interim consolidated financial statements for Q1 2017 and Management's Discussion and Analysis related thereto are available on SEDAR and on the Company's website at www.orvana.com.

Q1 2017 Highlights

The Company's strategic objectives to increase production at its operations include productivity enhancements to allow for expected delivery of greater throughput, increased gold recovery and lower unitary costs. The Company is pleased to report the following positive developments in the first quarter as follows:

- El Valle & Productivity improvements:
 - In December 2016, El Valle reached nameplate plant capacity of 2,000 tonnes per day. This achievement represents an important milestone for El Valle on the path to increases in gold production and planned lower unitary costs by end of fiscal 2017.
 - Development and backfill rates continued to improve during the first quarter by 7% and 27%, respectively, compared with the fourth quarter of fiscal 2016, allowing for increased flexibility in the mine plan.
- Don Mario & CIL re-commissioning:
 - The re-commissioning process is nearing its completion with successful production of initial gold-silver doré bars. The focus is on adjustments to reagent mix and residence time in order to achieve targeted gold recovery of 80%. First commercial delivery is expected later in February.
 - Total capital costs are expected to be within the Company's capital cost estimate of \$6.4 million +/-15%.
 - Don Mario has stockpiled higher gold grade material from the Lower Mineralized Zone for processing in the fully re-commissioned CIL circuit in order to capitalize on forecasted higher gold recovery.
 - Repayment of the associated project financing with Banco BISA S.A. (the "BISA Loan") began in December 2016.

"We are pleased with the progress made at both El Valle and Don Mario in Q1 in achieving some of our planned objectives for this year," said Jim Gilbert, Chairman and CEO of Orvana. "At El Valle Mine we still have a lot of work to do with our primary focus on improving ore grade delivered to the processing plant, through improved oxide ore production, while maintaining throughput of 2,000 tonnes per day. These are the critical actions required that will allow El Valle Mine to turn around its disappointing financial performance in Q1 and deliver the unitary cost improvements that we are aiming for by the end of fiscal 2017. At Don Mario Mine, we have substantially completed the re-commissioning of the CIL plant and expect to meet our objective of achieving higher gold recovery and reduced unitary costs in the second half of the current fiscal year."

Strategy and Outlook

The Company's most important objectives through fiscal 2017 and beyond are to safely 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 current objective is to increase mined grades while sustaining current ore volumes through the plant. The Company plans to execute on the following:
 - Ongoing development to increase access to higher grade oxide zones in El Valle Mine, targeting improved oxide production in the second half of fiscal 2017.
 - Increasing production from the Carlés Mine, targeting a significant ramp-up beginning in the third quarter of fiscal 2017. The Company extended its Carlés project timeframe to the end of fiscal 2017 due to a permitting delay.
 - Increasing access to ore fronts will allow El Valle Mine greater flexibility in its mining activities and therefore greater ability to deliver planned ore volumes to sustain its objective of 2,000 tonnes per day going forward.
 - Continuing improvement and maintenance of targeted backfill and development rates.
 - De-risking the mine plan, moving away from transition zones in which poor ground conditions were experienced throughout fiscal 2016.

Don Mario:

- At Don Mario, the Company is nearing completion of the re-commissioning of the CIL circuit. Once operational, average gold recoveries are expected to increase to 80% compared to an average of approximately 55% using the current flotation process.
- Once re-commissioned, the CIL circuit will produce a gold-silver doré product in lieu of current gold gravity concentrate production, lowering deduction costs at Don Mario. Efforts are underway to finalize a doré sales agreement, targeting first commercial delivery later in February.
- The CIL circuit will support the Company's objective of extending mine life at Don Mario, as the enhanced processing capabilities of the CIL circuit facilitate other known opportunities, including mining from the Cerro Felix and Las Tojas areas close to the existing mine, 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 during the second 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

	Q1 2017 FY 2017	
	Actual	Guidance
El Valle Mine Production		
Gold (oz)	10,723	50,000 – 55,000
Copper (million lbs)	0.8	6.0 – 6.5
Silver (oz)	29,321	170,000 – 200,000
Don Mario Mine Production		
Gold (oz)	4,976	35,000 – 40,000
Copper (million lbs)	2.7	7.0 – 7.5
Silver (oz)	78,959	130,000 – 150,000
Total Production		
Gold (oz)	15,699	85,000 – 95,000
Copper (million lbs)	3.6	13.0 – 14.0
Silver (oz)	108,280	300,000 – 350,000
Total capital expenditures	\$7,719	\$27,000 – \$30,000
Cash operating costs (by-product) (\$/oz) gold ⁽¹⁾	\$1,258	\$1,050 – \$1,150
All-in sustaining costs (by-product) (\$/oz) gold ⁽¹⁾	\$1,732	\$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

	Q1 2017	Q4 2016	Q1 2016	FY 2016
Operating Performance				
Gold				
Production (oz)	15,699	14,842	17,789	65,785
Sales (oz)	14,060	14,705	15,955	61,816
Copper				
Production ('000 lbs)	3,588	3,630	3,951	14,735
Sales ('000 lbs)	3,598	3,296	3,814	13,367
Silver				
Production (oz)	108,280	122,589	171,664	525,934
Sales (oz)	128,217	96,520	160,565	469,847
Financial Performance (in 000's, except per share amounts)				
Revenue	\$23,458	\$24,044	\$22,497	\$93,850
Mining costs	\$24,356	\$22,884	\$20,806	\$84,544
Gross margin	(\$6,853)	(\$3,599)	(\$3,869)	(\$7,883)
Net loss	(\$8,154)	(\$1,528)	(\$3,076)	(\$8,455)
Net loss per share (basic/diluted)	(\$0.06)	(\$0.01)	(\$0.02)	(\$0.06)
Ending cash and cash equivalents	\$9,521	\$18,939	\$17,535	\$18,939
Capital expenditures ⁽²⁾	\$7,719	\$5,394	\$3,716	\$14,977
Cash operating costs (by-product) (\$/oz) gold ⁽¹⁾	\$1,258	\$1,206	\$1,004	\$1,082
All-in sustaining costs (by-product) (\$/oz) gold ⁽¹⁾⁽²⁾	\$1,732	\$1,699	\$1,316	\$1,428

(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.

SOURCE [Orvana Minerals Corp.](#)

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