

Second Quarter 2017 achievements:

- Gold production increase of 31% from Q1 2017 to 20,513 ounces;
- Gold equivalent production of approximately 27,683 ounces during Q2 2017;
- On track to meet fiscal 2017 cost and production guidance;
- Consolidated Q2 COC of \$993 per ounce, a decrease of 21% vs. Q1 2017;
- Gross margin improves by \$6.9 million quarter over quarter; EBITDA up by \$8.1 million;
- Don Mario carbon-in-leach circuit complete; first doré sale made in March 2017

TORONTO, May 3, 2017 /CNW/- [Orvana Minerals Corp.](#) (TSX:ORV) (the "Company" or "Orvana") announced today financial and operational results for the second quarter of fiscal 2017 ("Q2 2017"). The Company is also providing financial and operational results for its El Valle and Carlés Mines (collectively, "El Valle") operations in northern Spain and for its Don Mario Mine in Bolivia.

The unaudited condensed interim consolidated financial statements for Q2 2017 and Management's Discussion and Analysis related thereto are available on SEDAR and on the Company's website at www.orvana.com.

Q2 2017 Highlights

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

- El Valle – Sustained productivity improvements delivering higher gold and copper production:
 - The daily mill throughput rates achieved during the first quarter were sustained during the second quarter, supported by continued mining productivity increases.
 - The amended explosives permit required by Carlés mine was received in February 2017, allowing Carlés mine to improve its monthly production rate by over 130% in March 2017.
 - Greater mine plan flexibility supported by improved development and backfill rates allowed El Valle to realize higher ore grades mined. Gold and copper production during the second quarter increased by 11% and 77%, respectively, as compared to the first quarter.
- Don Mario – CIL re-commissioning completed, immediately increasing gold production:
 - The re-commissioning of the carbon-in-leach ("CIL") circuit was completed in January 2017. March 2017 gold recoveries of 86% exceeded the targeted average gold recovery of 80%, up from an average gold recovery rate of 55% using the prior flotation process.
 - Gold production at Don Mario improved by 73% compared to the first quarter of fiscal 2017.
 - Doré refining and sales agreements were finalized, and first sale under these agreements was made in March 2017.
- Realized reductions in unitary costs and improved financial performance:
 - Enabled by the productivity increases above, consolidated cash operating cost per ounce of gold sold fell to \$993 per ounce, compared with \$1,258 per ounce in the first quarter of fiscal 2017.
 - Revenue increased 35% to \$31.7 million in the second quarter, compared with the first quarter of fiscal 2017; gross margin improved by \$6.9 million and EBITDA improved by \$8.1 million over the same period.
 - Consolidated cash balance increased from \$9.5 million at December 31, 2016 to \$14.2 million at March 31, 2017.

"The milestones we have reached at both El Valle and Don Mario this quarter have positioned Orvana well for the remainder of fiscal 2017 and beyond," said Jim Gilbert, Chairman and CEO of Orvana. "At Don Mario, the successful completion of the CIL project has provided an immediate improvement to our gold production profile and provides a platform for us to pursue various life extension opportunities in our area of influence. At El Valle, continued improvements in our development results have now added substantial flexibility to our mine planning and production capabilities, which – supported by improved production from the Carlés Mine and consistent performance of the plant at nameplate of 2,000 tonnes per day and above – will allow us to sustain production at rates significantly higher than those historically realized. We look forward to reporting Orvana's further progress through the remainder of the year."

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 current objective is to continue to work towards achieving a sustained mill throughput rate of 2,000 tonnes per day. To achieve this, the Company plans to execute on the following:
 - Ongoing development to increase access to higher grade oxide zones in El Valle Mine, continuing to improve oxide production in the second half of fiscal 2017.
 - Sustaining the recent increase in mining production rate from the Carlés Mine, enabled by the recently received amended explosives permit.
 - Continuing improvement and maintenance of targeted backfill and development rates, adding greater flexibility to the mine's production activities.

Don Mario:

- At Don Mario, the Company has now completed the re-commissioning of the CIL circuit. Average gold recoveries exceeded the Company's target of 80% in March 2017 and are expected to be sustained above 80% through the remainder of fiscal 2017.
- The combination of the higher gold grade LMZ ore and improved recovery rates are expected to enable Don Mario to generate free cash flow and repay the BISA Loan in full by the end of fiscal 2017.
- 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. Initial testing results received during Q2 2017 have yielded positive indications, and the Company expects to carry out larger scale tests in the coming months.
- 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 pursuit of other known opportunities, including mining from the Cerro Felix and Las Tojas areas close to the existing mine, as well as potential tailings reprocessing.

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

	YTD 2017 FY 2017	
	Actual	Guidance
El Valle Mine Production		
Gold (oz)	22,640	50,000 – 55,000
Copper (million lbs)	2.4	6.0 – 6.5
Silver (oz)	80,401	170,000 – 200,000
Don Mario Mine Production		
Gold (oz)	13,572	35,000 – 40,000
Copper (million lbs)	4.1	7.0 – 7.5
Silver (oz)	94,364	130,000 – 150,000
Total Production		
Gold (oz)	36,212	85,000 – 95,000
Copper (million lbs)	6.5	13.0 – 14.0
Silver (oz)	174,765	300,000 – 350,000
Total capital expenditures	\$12,220	\$27,000 – \$30,000
Cash operating costs (by-product) (\$/oz) gold ⁽¹⁾	\$1,099	\$1,050 – \$1,150
All-in sustaining costs (by-product) (\$/oz) gold ⁽¹⁾	\$1,422	\$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

	Q2 2017	Q1 2017	Q2 2016	YTD 2017	YTD 2016
Operating Performance					
Gold					
Production (oz)	20,513	15,699	17,116	36,212	34,905
Sales (oz)	20,773	13,937	14,659	34,710	30,733
Average realized price / oz	\$1,238	\$1,260	\$1,176	\$1,247	\$1,139
Copper					
Production ('000 lbs)	2,867	3,588	3,320	6,455	7,271
Sales ('000 lbs)	3,032	3,560	2,379	6,592	6,251
Average realized price / lb	\$2.50	\$2.32	\$2.07	\$2.40	\$2.16
Silver					
Production (oz)	66,485	108,280	119,175	174,765	290,839
Sales (oz)	87,441	125,626	103,814	213,067	264,438
Average realized price / oz	\$17.42	\$17.25	\$14.62	\$17.32	\$14.76
Financial Performance (in 000's, except per share amounts)					
Revenue	\$31,714	\$23,458	\$21,279	\$55,172	\$43,776
Mining costs	\$26,272	\$24,356	\$19,045	\$50,628	\$39,851
Gross margin	\$8	(\$6,853)	(\$821)	(\$6,845)	(\$4,690)
Net loss	(\$2,233)	(\$8,154)	(\$2,670)	(\$10,387)	(\$5,746)
Net loss per share (basic/diluted)	(\$0.02)	(\$0.06)	(\$0.02)	(\$0.08)	(\$0.04)
EBITDA ⁽¹⁾	\$4,774	(\$3,334)	\$216	\$1,440	\$948
Ending cash and cash equivalents	\$14,210	\$9,521	\$15,006	\$14,210	\$15,006
Capital expenditures ⁽²⁾	\$4,501	\$7,719	\$2,745	\$12,220	\$6,461
Cash operating costs (by-product) (\$/oz) gold ⁽¹⁾	\$993	\$1,258	\$1,100	\$1,099	\$1,050
All-in sustaining costs (by-product) (\$/oz) gold ⁽¹⁾⁽²⁾	\$1,214	\$1,732	\$1,411	\$1,422	\$1,361

(1) EBITDA, 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 Q2 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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