

# ORVANA

MINERALS CORP.

## **ORVANA INCREASES GOLD PRODUCTION AND EARNS TWO CENTS PER SHARE IN THIRD QUARTER 2004**

TORONTO, ONTARIO, August 10, 2004 -- Orvana Minerals Corp. (TSX symbol: ORV) announced today that it sold 14,037 ounces of gold in its third fiscal quarter ended June 30, 2004. This generated revenues of US\$5.5 million, net income of nearly US\$2 million and cash flow from operating activities of over US\$3 million. The Company produced 14,643 ounces of gold at its Don Mario mine in eastern Bolivia during the third quarter, which included production of 5,212 ounces in the month of June. The operation's average head grade also improved to 8.53 grams per tonne (g/t) of treated ore in the third quarter 2004, including an average head grade of 9.18 g/t in June. During the month of July, the mine produced 5,261 ounces, and the average head grade increased to 9.52 g/t of treated ore.

Orvana Chairman George Hamilton said, "We are gratified with the continuing increases in production and operating results at our Don Mario mine, and are pleased to report third quarter earnings of US\$0.02 per share. We have now completed the first twelve months of commercial production. Our mine produced gold at a cash operating cost of US\$104.01 per ounce during the quarter ended June 3, 2004, and is operating according to plan. In early June, the Company announced a US\$200,000 infill drilling program in the upper mineralized zone of the Don Mario property. To date, the Company has completed 23 drill holes and 1,527 metres of drilling. The purpose of the program is to move the ore resource from inferred to indicated status as part of a pre-feasibility study to expand reserves and future production."

### **Don Mario Mine Operations**

During the third quarter 2004, a total of 58,793 tonnes of ore were mined from both the underground mine and the mini-pit. The average head grade of ore extracted from underground mine development and cut and fill stopes improved, as did the head grade of ore mined from the lower benches of the mini-pit.

The Don Mario mill treated 59,625 tonnes of ore during the third quarter 2004. The average head grade improved to 8.53 g/t and the average mill recovery rate rose to 89.5%, compared to 6.92 g/t and 88.9% respectively in the second quarter 2004. The following table shows the tonnages milled and head grades for each month of the third quarter.

		April 2004	May 2004	June 2004	Third Quarter 2004
Underground mine	tonnes	6,747	13,371	10,642	30,760
	g/t	6.95	8.642	9.61	8.60
Mini-pit	tonnes	12,158	7,033	9,675	28,866
	g/t	8.16	8.637	8.71	8.46
Total	tonnes	18,905	20,404	20,316	59,625
	g/t	7.73	8.64	9.18	8.53

Gold production increased 25% from 11,663 ounces in the second quarter of fiscal 2004 to 14,643 ounces in the third quarter. Orvana reported total cash costs of US\$132.59 per ounce and direct operating costs of US\$25.09 per treated tonne in the third quarter 2004.

## Financial Results

Since the Don Mario mine was under construction during the first six months of 2003 and commercial production began on July 1, 2003, the mine has been in production for the past twelve months. Consequently, the results of operations for the three-month and nine-month periods ended June 30, 2004 do not provide meaningful comparisons to those of the same periods a year ago. All dollar amounts in this news release are expressed in United States dollars.

### Three month financial highlights

The following table compares results for the third quarter 2004 to those of the second quarter 2004 and to the three months ended June 30, 2003.

	3 months ended June 30, 2004	3 months ended March 31, 2004	3 months ended June 30, 2003
Revenue from gold sales	\$ 5,522,965	\$ 4,693,412	\$ 0
Costs and expenses	3,335,816	3,423,929	173,688
Operating income (loss)	2,187,149	1,269,483	(173,688)
Net income (loss)	1,957,325	1,081,380	(266,176)
Net income (loss) per share	0.02	0.01	(0.00)
Cash and cash equivalents, end of period	3,397,876	2,045,529	125,438
Assets	31,452,690	29,960,483	29,474,139
Shareholders' Equity	13,924,292	11,966,967	10,902,600

### Nine month financial highlights

The following table compares results for the first nine months of fiscal 2004 to those of the same nine month period in 2003.

	9 months ended June 30, 2004	9 months ended June 30, 2003
Revenue from gold sales	\$ 13,325,035	\$ 0
Costs and expenses	9,702,289	174,004
Operating income (loss)	3,622,746	(174,004)
Net income (loss)	3,082,467	(266,492)
Net income (loss) per share	0.03	(0.0)
Cash and cash equivalents, end of period	3,397,876	125,438
Assets	31,452,690	29,474,139
Shareholders' Equity	13,924,292	10,902,600

After generating over \$3 million in cash flow from operating activities (before changes in non-cash working capital) during the third quarter 2004, Orvana had cash and cash equivalents of \$3.4 million as at June 30, 2004, compared to \$2.0 million on March 31, 2004.

Consolidated interim and unaudited financial statements and Management's Discussion & Analysis for the three months and nine months ended June 30, 2004 are available on SEDAR and at [www.orvana.com](http://www.orvana.com).

### About Orvana

Orvana Minerals is a gold mining and exploration company involved in the evaluation, development and mining of precious metal deposits in Latin America. The Company's primary operation is the Don Mario gold mine in eastern Bolivia. Orvana's long-term goal is to become a multi-mine producer in Latin America. Orvana's shares have been listed on the Toronto Stock Exchange since 1992 under the trading symbol ORV.

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### **Forward Looking Statements**

This news release may contain forward-looking statements that are based on the Company's expectations, estimates and projections regarding its business and the precious metals market and economic environment in which it operates. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to control or predict. Therefore, actual outcomes and results may differ materially from those expressed in these forward-looking statements and readers should not place undue reliance on such statements. Statements speak only as of the date on which they are made, and the Company undertakes no obligation to update them publicly to reflect new information or the occurrence of future events or circumstances.