

# **Orvana Announces Agreement in Principle to Sell Pederson Gold Property**

**Thursday, September 29, 2005**

TORONTO, ONTARIO--(CCNMatthews – September 29, 2005) - Orvana Minerals Corp. (TSX:ORV)("Orvana" or the "Company") is pleased to announce that it has reached an agreement in principle to sell its interest in the Pederson gold property in Bolivia to Castillian Resources Corp. The Pederson property comprises 13 contiguous concessions which cover approximately 78 square kilometers, located in the central west side of Bolivia, approximately 360km from the capital, La Paz, and approximately 130km south of Oruro, a major regional centre for the mining industry in Bolivia.

It is Orvana's intention, through its wholly owned subsidiary, Empresa Minera Paititi S.A., to focus its efforts in Bolivia on its Don Mario gold operation and surrounding concession only. The proposed sale of the Pederson property represents a way to realize greater shareholder value, with Castillian's greater focus on grassroots exploration. The Company will continue to pursue its divestiture options for its other Bolivian exploration properties.

Under the agreement in principle, Castillian would acquire 100% of Orvana's interest in the Pederson property. To acquire the interest, Castillian would be required to make cash payments of US\$50,000 and issue the equivalent of US\$50,000 worth of common shares of Castillian to Orvana upon receipt of regulatory approval for the transaction. Additionally, Orvana would receive US\$50,000 and the equivalent of US\$50,000 of common shares of Castillian within 90 days, an additional 1,000,000 common shares and the equivalent of US\$1,000,000 of common shares within 12 months and a final cash payment of US\$1,400,000 within five years of completion of a feasibility study on the Pederson property. Orvana would retain a 50% interest in a 1.5% net smelter royalty on the Pederson property, with advance royalty payments on the 1.5% net smelter royalty of US\$200,000 per year commencing on the second year anniversary of the agreement (with those payments counting towards a US\$2,000,000 buyout of the royalty). Orvana believes it has an indirect 50% interest in the Pederson property, subject to such interest being reduced to 35% in certain circumstances. In the event that Orvana has only a 35% indirect interest in the Pederson property at the time any consideration is to be paid to Orvana, then pursuant to the agreement in principle, the consideration payable to Orvana would be reduced proportionately.

The agreement in principle is subject to, among other things, completion of due diligence, the approval of Orvana's board of directors and execution of definitive binding documentation.

## About Orvana

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

## 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.

## FOR FURTHER INFORMATION PLEASE CONTACT:

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