

# ORVANA

MINERALS CORP.

## ***ORVANA REPORTS RECORD PRODUCTION, CASH PROVIDED BY OPERATING ACTIVITIES AND EARNINGS FOR FISCAL 2005***

TORONTO, ONTARIO, December 13, 2005 -- Orvana Minerals Corp. (TSX symbol: ORV) announced today that it earned net income of US\$8.9 million (US\$0.08 per share) on revenues of US\$29.4 million for the year ended September 30, 2005 ("fiscal 2005" or "2005") compared to net income of US\$7.8 million (US\$0.07 per share) on revenues of US\$19.1 million for the year ended September 30, 2004 ("fiscal 2004" or "2004").

Cash provided by operating activities amounted to US\$18.8 million in fiscal 2005 compared to US\$8.1 million in 2004.

Dollar amounts in the remainder of this news release are in United States dollars unless stated otherwise, and fine troy ounces of gold are referred to as "ounces".

The Company produced 68,759 ounces of gold and sold 68,273 ounces in the year ended September 30, 2005 compared to 48,228 ounces produced and 47,431 ounces sold in fiscal 2004.

Orvana President and Chief Executive Officer, T. Sean Harvey said, "Company management and the Board of Directors are very pleased with the results from our second full year of commercial production at the Don Mario mine. We experienced record production (68,759 ounces), earnings (\$0.08 per share) and cash provided by operating activities (\$18.8 million) which increased 43%, 14% and 132%, respectively, over the prior fiscal year ended September 30, 2004. Orvana's competitive advantage continues to be its low cost of production. Total cash costs for fiscal 2005 were \$117.57 per ounce and total production costs including depreciation and amortization were \$174.15 per ounce. During fiscal 2005 Orvana repaid in excess of \$13.2 million of long-term debt and finished the year ended September 30, 2005 with no long term debt and \$5.3 million of cash and cash equivalents. Mine development work continued throughout fiscal 2005 and the main ramp should be completed to the base of the Lower Mineralized Zone by the fourth quarter of fiscal 2006. The Company is aggressively taking steps to maximize the value of the Don Mario Mine and its large land package, including a current surface exploration drilling campaign, ongoing work to complete a pre-feasibility study of the Upper Mineralized Zone by the second quarter of fiscal 2006 and further exploration of the Don Mario concession planned for fiscal 2006. The Company has also begun the program of divesting non-core assets. Thanks to the hard work and dedication of our work force at the Don Mario Mine, we are extremely well positioned to take advantage of what we anticipate will be a strong gold market during the next fiscal year."

### **Don Mario Mine Operations**

In fiscal 2005, a total of 233,837 tonnes of ore were treated in fiscal 2005 compared to 234,164 tonnes in fiscal 2004.

		Year ended Sept. 30, 2005	Quarters ended			
			Sept. 30, 2005	June 30, 2005	Mar. 31, 2005	Dec. 31, 2004
Underground mine	tonnes	163,656	47,743	36,437	38,146	41,330
	g/t	11.43	12.53	12.23	12.48	8.50
Mini-pit & stockpile	tonnes	70,181	9,640	21,680	20,805	18,056
	g/t	7.10	6.86	7.47	6.30	7.72
Total tonnes treated	tonnes	233,837	57,383	58,117	58,951	59,386
	g/t	10.13	11.58	10.46	10.30	8.26
Gold recovery rate		90.2%	93.5%	89.1%	88.8%	89.0%
Gold production – ounces		68,759	19,963	17,404	17,345	14,047

The following table shows the cash costs for the fourth quarter and fiscal year 2005. These calculations represent non-GAAP information, which should not be construed as an alternative to GAAP reporting of operating expenses, and may not be comparable to similar measures presented by other issuers (see “non-GAAP measures” below).

	Year ended Sept.30, 2005		Quarter ended Sept.30, 2005	
	Costs (US\$'000)	Cost/oz.	Costs (US\$'000)	Cost/oz
Direct mine operating costs	\$6,800	\$98.90	\$1,971	\$98.73
Third-party smelting, refining and transportation costs	141	2.04	29	1.44
Cash operating costs	6,941	100.94	2,000	100.16
Royalties and mining rights	1,143	16.62	323	16.20
Total cash costs	8,084	117.57	2,323	116.36
Depreciation and amortization	3,897	56.58	328	16.45
Total production costs	\$11,981	\$174.15	\$2,651	\$132.81

### Fiscal Year Financial Highlights

Orvana's operating results and financial position for the two latest fiscal years are summarized below:

	Year ended September 30 (US\$'000 except per share amounts)	
	2005	2004
Revenue	\$29,350	\$19,121
Net income	8,920	7,842
Net income per share – basic and diluted	\$0.08	\$0.07
Cash provided by operating activities	\$18,810	\$8,091
Cash and cash equivalents	5,310	3,921
Total assets	35,163	35,300
Long-term debt, including current portion	-	13,159

Long-term debt repayments in the year ended September 30, 2005 totaled \$13.2 million. Scheduled repayments in 2005 amounted to \$3.6 million. However, given relatively high interest rates on the outstanding debt, the negotiation of favourable prepayment terms and strong cash flow during 2005, the decision was taken to repay the remaining debt. At September 30, 2005, the Company had no long-term debt.

Operating results for the fourth quarter of 2004 include an income tax recovery of \$1.9 million reflecting the benefit of prior years' tax losses available for carry forward.

### Quarterly Financial Highlights

Orvana's financial highlights for the fourth quarter ended September 30, 2005 compared to the fourth quarter ended September 30, 2004 are summarized below:

	Fourth quarter ended September 30 (US\$'000 except per share amounts)	
	2005	2004
Revenue	\$10,436	\$5,796
Net income	4,484	4,274
Net income per share – basic and diluted	\$0.04	\$0.04
Cash provided by operating activities	\$7,203	\$2,437

Revenue for the fourth quarter ended September 30, 2005 amounted to \$10.4 million on 24,381 ounces sold compared to \$5.8 million on 14,302 ounces sold for the fourth quarter 2004. On the last day of the June 2005 quarter, the Company shipped 5,631 ounces with an invoice value of \$2.5 million, however, title did not pass until early July 2005 and this revenue was not reported until the fourth quarter 2005. Costs of \$1.1 million relating to this shipment that had been included in inventory at the end of the third quarter 2005 were charged to cost of sales and depreciation and amortization in the fourth quarter.

Total operating expenses for the fourth quarter 2005 were higher by \$1.5 million at \$4.7 million compared to total operating expenses of \$3.2 million for the fourth quarter 2004. Cost of sales and royalties and mining rights were higher by \$1.4 million on higher gold sales. Depreciation and amortization was lower by \$0.2 million due to the recalculation of this expense using the units-of-production method based upon updated reserve estimates. General and administration expenses increased \$0.4 million as the Company assumed fully the management and administration functions from a former related party in the fourth quarter of fiscal 2005.

Net income for the fourth quarter of fiscal 2005 amounted to \$4.5 million compared to \$4.3 million for the fourth quarter of fiscal 2004. Results for the fourth quarter of fiscal 2004 included an anticipated income tax recovery of \$1.9 million from prior years' tax losses.

Consolidated audited financial statements and Management's Discussion & Analysis for fiscal 2005 are available on SEDAR and at [www.orvana.com](http://www.orvana.com).

## **About Orvana**

Orvana Minerals is a Canadian gold mining and exploration company based in Toronto, Canada, involved in the evaluation, development and mining of precious metal deposits in the Americas. The Company owns the Don Mario Mine in eastern Bolivia. Orvana's long-term goal is to become a low cost, long-life, 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.

For further information, please contact Mr. T. Sean Harvey, President and Chief Executive Officer, Orvana Minerals Corp., 416-369-6272 ([tsharvey@orvana.com](mailto:tsharvey@orvana.com)).

## **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.

## **Non-GAAP Measures**

The Company has used non-GAAP measures including direct mine operating costs, cash operating costs, total cash costs and total production costs, and related unit cost information, because it understands that certain investors use this information to determine the Company's ability to generate earnings as cash flow for use in investing and other activities. The Company believes that conventional measures of performance prepared in accordance with GAAP do not fully illustrate the ability of its operating mine to generate cash flow. Non-GAAP measures do not have any standardized meaning prescribed under Canadian GAAP, should not be construed as an alternative to GAAP reporting of operating expenses, and may not be comparable to similar measures presented by other companies. The measures are not necessarily indicative of operating profit or cash flow from operations as determined under Canadian GAAP. Cash costs are determined in accordance with the former Gold Institute's Production Cost Standard. For a reconciliation of the non-GAAP costs and unit costs provided above with the Company's GAAP-based statement of operations, please see the Company's Management's Discussion & Analysis for the year ended September 30, 2005.