

# ORVANA

MINERALS CORP.

## ORVANA FILES RESERVE STATEMENT AND CASH-FLOW MODEL FOR UPPER MINERALIZED ZONE (UMZ) CU-AU-AG DEPOSIT, BOLIVIA

- **10-year mine life with annualized production of nearly 19,000 oz gold, over 600,000 oz silver and nearly 8,000 tonnes copper over first 5 years**
- **Construction 75% complete with start-up in fall, 2010**

**Toronto, Ontario, August 20, 2010** – Orvana Minerals Corp. (TSX symbol: ORV) announced today the highlights of their 43-101-compliant reserve statement and cash-flow model for the Upper Mineralized Zone (“UMZ”) copper-gold-silver project in eastern Bolivia. The planned 10-year mine will produce over 150,000 ounces gold, nearly 5,000,000 ounces silver, and 70,000 tonnes copper over the mine life, and yields an after-tax IRR of 81% and NPV(10%) of US\$43.6 million. Cash costs are US\$529/ounce gold net of by-product, or US\$1.32/pound copper net of by-product. The installation of the Leach-Precipitation-Flotation (“LPF”) circuit will beneficiate the copper from the oxide zone, thus improving the economic viability of the project. Construction is 75% complete and capital costs are now projected to be US\$21M, which is 55% of estimates provided by independent consultants. The Technical Report was submitted by Gino Zandonai and Dr. Roshan Bhappu, both Independent Qualified Persons for purposes of National Instrument (“NI”) 43-101, and Dr. W. C. Williams, VP, Corporate Development for Orvana Minerals Corp..

“The evolution of this project manifests the creative, innovative, and technical capabilities of our Bolivian staff, led by our President and COO, Carlos Mirabal, and their ability to make mines at capital costs far less than expected,” said Roland Horst, Chief Executive Officer of Orvana. “In addition, Dr. Bhappu’s contribution to the metallurgical issues has unequivocally added value to the project. Construction and development continue on schedule and this fall remains our production target. Once production begins, a modest exploration program will include not only the testing of shear-zone gold targets like the Las Tojas deposit and the previously mined Lower Mineralized Zone (“LMZ”), but UMZ-style targets as well.”

The UMZ deposit is hosted by subvertically-dipping Proterozoic schistose rocks within the western part of the Brazilian Shield. A 50-m thick oxide cap overlies a oxide/sulphide-bearing transition zone, which overlies a sulphide zone primarily comprised of chalcopyrite. The deposit forms the Don Mario hill, which is sparsely vegetated due to the high oxide copper grades, and will be mined by open-pit methods. Throughput is planned at 1,700 tpd.

Processing will involve the leaching of the porous, oxide and transition ores, followed by precipitation utilizing iron sponge, and then by flotation to make a concentrate with a copper grade of 64% (the LPF process). The resultant tailings will be processed by the existing CIL circuit to enhance gold and silver recoveries. The sulphide ore will be processed by froth flotation to make a copper concentrate. Two flotation-cell circuits have been installed to make a lead concentrate as well in order to increase the copper grade and reduce the lead grade in the copper concentrate.

Base-case operational parameters are as follows:

Throughput (transition & sulphide):	1,700 tpd (for 10.5 years)
Avg. Annual Production (LOM)	14,400 ounces Au 6,600 tonnes Cu 460,000 ounces Ag
Gold recovery (LOM – all ores):	58%
Copper recovery (LOM – all ores):	83%
Silver recovery (LOM - ores):	59%

Key financial input parameters are (all values in US dollars):

Pre-production capital:	\$20,956,000
Working & sustaining capital:	\$ 9,119,000
Mine operating cost:	\$ 3.75/t ore, \$1.90/t waste
Strip Ratio (Waste:Ore):	0.51:1
Processing cost:	
LPF:	\$ 33.32/t ore (Oxide/Transition)
Flotation –only:	\$ 17.26/t ore (Sulphide)
G&A:	\$ 4.00/t ore
Copper price (LOM):	\$ 2.00/lb.
Gold price (LOM):	\$800.00/ounce
Silver price (LOM):	\$ 12.50/ounce

Production is subject to a 3% net smelter return royalty (“NSR”) that is held by Royal Gold. The Bolivian government collects a royalty on the revenues generated from the copper, gold, and silver sales at a rate of 5%, 7%, and 6%, respectively. The corporate tax rate is 37.5%.

The updated resources and reserves are summarized in the following table.

<b>Resources inside Final Pit</b>					
		<b>Tonnes</b>	<b>Cu, %</b>	<b>Au, gpt</b>	<b>Ag, gpt</b>
<b>Sulphide</b>	Measured	<b>851,632</b>	1.04	1.03	27.94
	Indicated	<b>1,210,430</b>	0.98	0.92	29.03
	Inferred	<b>7,062</b>	0.61	0.66	23.31
<b>Transitional</b>	Measured	<b>922,323</b>	1.28	1.42	50.48
	Indicated	<b>1,072,146</b>	1.15	1.25	43.90
	Inferred	<b>83,832</b>	0.91	0.81	40.55
<b>Oxide</b>	Measured	<b>769,028</b>	1.67	1.57	55.92
	Indicated	<b>1,051,185</b>	1.69	1.58	44.18
	Inferred	<b>190,401</b>	1.53	1.27	38.76
<b>Porous</b>	Measured	<b>206,034</b>	1.98	1.43	50.77
	Indicated	<b>326,664</b>	1.99	1.35	38.62
	Inferred	<b>44,323</b>	2.54	1.44	29.34
<b>TOTAL</b>	Measured	<b>2,749,017</b>	1.37	1.34	45.04
	Indicated	<b>3,660,425</b>	1.32	1.25	38.59
	<b>TOTAL M&amp;I</b>	<b>6,409,442</b>	<b>1.34</b>	<b>1.29</b>	<b>41.36</b>
	Inferred	<b>325,618</b>	1.49	1.16	37.61
<b>Reserves</b>					
		<b>Tonnes</b>	<b>Cu, %</b>	<b>Au, gpt</b>	<b>Ag, gpt</b>
<b>Sulphide</b>	Proven	<b>716,651</b>	1.20	1.19	32.40
	Probable	<b>984,480</b>	1.16	1.08	34.43
<b>Transitional</b>	Proven	<b>837,474</b>	1.37	1.52	53.67
	Probable	<b>928,079</b>	1.27	1.39	48.43
<b>Oxide</b>	Proven	<b>742,580</b>	1.71	1.62	57.26
	Probable	<b>980,363</b>	1.79	1.68	46.58
<b>Porous</b>	Proven	<b>198,180</b>	2.03	1.47	52.05
	Probable	<b>315,535</b>	2.04	1.39	39.33
<b>TOTAL</b>	Proven	<b>2,494,885</b>	1.48	1.45	48.50
	Probable	<b>3,208,457</b>	1.47	1.39	42.67
	<b>TOTAL P&amp;P</b>	<b>5,703,342</b>	<b>1.47</b>	<b>1.41</b>	<b>45.22</b>

Based on the long-term metals prices and other parameters listed above, the project yields an IRR of 81%, and an NPV(10%) of US\$43.6 million.

The information presented herein was completed by or under the supervision of Gino Zandonai and Dr. Roshan Bhappu, Independent Qualified Persons for the purposes of NI 43-101, and Dr. W.C. Williams, VP, Corporate Development of Orvana Minerals Corp. The summary report will be made available on the Company's website, [www.orvana.com](http://www.orvana.com), and on SEDAR, [www.sedar.com](http://www.sedar.com) within 45 days.

#### **About Orvana**

Orvana Minerals is a gold producer with a strong balance sheet and is transforming itself into a multi-mine gold and copper producer. Orvana's primary asset is the El Valle/Boinás-Carlés ("EVBC") gold-copper project in northern Spain, which is expected to be in production early in 2011. Orvana owns and operates the Don Mario gold mine in Bolivia where the company is developing the gold-copper-silver Upper Mineralized Zone ("UMZ") deposit, which is expected to be in production during the fall of 2010. In addition, Orvana is advancing its Copperwood copper project in Michigan, USA. Additional information is available at Orvana's website ([www.orvana.com](http://www.orvana.com)).

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**Forward Looking Disclaimer**

Certain statements in this press release 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.

Forward-looking statements relate to, among other things, all aspects of the development of the Upper Mineralized Zone ("UMZ") deposit at the Don Mario Mine in Bolivia, the El Valle-Boinás/Carlés project in Spain and the Copperwood project in Michigan and their potential operations and production; the outcome and timing of decisions with respect to whether and how to proceed with such development and production; the timing and outcome of any such development and production; estimates of future capital expenditures; mineral resource estimates; estimates of permitting time lines; statements and information regarding future feasibility studies and their results; production forecasts; future transactions; future metal prices; the ability to achieve additional growth and geographic diversification; future production costs; 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 Orvana as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The estimates and assumptions of Orvana contained or incorporated by reference in this news release, which may prove to be incorrect, include, but are not limited to, the

various assumptions set forth herein and in the Company's most recently filed Annual Information Form, 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 the UMZ deposit, El Valle-Boinás/Carlés and the Copperwood projects 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 develop the UMZ deposit, the Copperwood project or the El Valle-Boinás/Carlés project; the Company's ability to acquire and develop mineral properties and to successfully integrate such acquisitions; 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 Orvana's Management's Discussion and Analysis for the period ended September 30, 2009 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 Annual Information Form for a description of additional risk factors.

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.