

SERVICES AGREEMENT

THIS AGREEMENT, entered into as of the 1st day of October, 2003, by Empresa Minera Paititi S.A. ("Paititi") and Compania Minera del Sur S.A. ("Comsur").

WITNESSES:

WHEREAS Comsur is a shareholder of Orvana Minerals Corp., which holds directly and indirectly all of the outstanding shares of Paititi;

AND WHEREAS pursuant to this Agreement Comsur is to provide certain services to Paititi;

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained herein and intending to be legally bound, the parties hereby agree as follows.

ARTICLE I PROVISION OF SERVICES

Section 1.01 Provision of Services. Subject to the terms of this Agreement and in consideration for the compensation specified in Article II, Comsur shall provide to Paititi from Comsur's La Paz office personnel the overhead services described in Schedule "A" (the "Services").

Section 1.02 Access. To the extent necessary in order to permit Comsur to provide the Services, Paititi shall permit Comsur to have full right of access to Paititi's properties, equipment and facilities.

Section 1.03 Duty of Care and Compliance with Applicable Law. In performing the Services, Comsur shall exercise the degree of care, diligence and skill that a reasonably prudent manager having responsibility for the management of a similar business to that of Paititi would exercise in comparable circumstances and act honestly, in good faith and in the best interests of Paititi. Comsur hereby agrees to indemnify Paititi and hold it harmless in respect of any losses or expenses which may be suffered by Paititi as a result of Comsur's failure to comply with the terms of this Agreement.

Section 1.04 Relationship. Comsur's relationship with Paititi is that of an independent contractor, and Comsur shall have sole control over the performance of all services to be performed by it hereunder and of all of its employees engaged in performing such services. Comsur shall not have the right to assume or create any obligation of any kind, either express or implied, on behalf of Paititi, except as expressly provided for in this Agreement. Nothing in this Agreement shall be deemed to establish or otherwise create a relationship of principal and agent, employer and employee, or otherwise between Comsur and Paititi.

ARTICLE II COMPENSATION

Section 2.01 Service Fee. In consideration for the Services performed or supplied by Comsur under this Agreement, Paititi shall pay to Comsur a service fee equal to the sum of:

- (a) \$420,000 per year, which shall be payable by monthly payments of \$35,000 payable in arrears; and
- (b) Out-of-Pocket Expenses (as defined in Section 2.02).

Section 2.02 Out-of-Pocket Expenses. For purposes of determining Comsur's service fee under this Agreement, "Out-of-Pocket Expenses" shall include any out-of-pocket costs incurred by Comsur in providing the Services, but shall exclude any costs and expenses relating to office space, furniture, fixtures, equipment, facilities, supplies, internal bookkeeping, and overhead costs of Comsur and costs of compensating Comsur's personnel.

Section 2.03 Arm's Length Pricing. Comsur and Paititi intend that the service fees charged pursuant to this Agreement shall not exceed the amount that would be charged by an arm's length party providing the services provided for under this Agreement. Accordingly, the parties hereby agree to periodically review the rate of compensation specified in Section 2.01. If any changes to the rate are determined by the mutual agreement of the parties, then the parties shall execute an appropriate amendment to this Agreement. Any changes made to the rate of compensation by a properly executed amendment shall be effective as of the first day of the month in which the changes are made and shall remain in effect until the parties agree upon a subsequent revision.

Section 2.04 Taxes, Fees, and Other Amounts. All charges for services provided under this Agreement are exclusive of any taxes, fees, duties, or other amounts, however designated, which are levied or based upon such charges, or upon this Agreement. Paititi shall either pay any such taxes or other amounts related to the services rendered pursuant to this Agreement (except taxes on or measured by net income or franchise taxes of a provider of services that Comsur may be required to pay or value added tax ("VAT") as discussed in section 2.05) or present an exemption certificate acceptable to the taxing authorities. Comsur shall separately state all such taxes or other amounts payable by Paititi on invoices rendered by Comsur hereunder. Comsur will not charge transaction tax to Paititi in connection with the Services provided by Comsur.

Section 2.05 Invoicing. Comsur shall submit to Paititi an invoice for the Services Comsur has rendered for Paititi in each calendar month no later than 15 business days after the end of such calendar month. Each invoice shall identify the applicable monthly service fee payable pursuant to subsection 2.01(a) and include receipts or other documentation supporting any Out-of-Pocket Expenses included in such service fee. Comsur will add up the VAT corresponding to the invoices (which Paititi has the right to recover from its exports). Paititi may pay the portion of the VAT of the invoice with fiscal papers that it receives from the recovery of any VAT on exports (Cedeim's).

Section 2.06 Payment. Paititi shall, within 30 calendar days of receiving an invoice, pay such invoice in full without any deductions or credits of any kind. Payment may be settled via bank transfer, cheque, or through intercompany netting agreement, as shall reasonably be agreed upon by the parties from time to time. In the event Paititi fails to pay Comsur within 90 days after the date of invoice, the provider shall be entitled to interest at the short term LIBOR rate as published from time to time.

Section 2.07 Currency. All transactions hereunder shall be denominated in United States dollars.

Section 2.08 Examination of Books and Records. Upon giving reasonable notice as to its desire to do so, Paititi shall have the right to review Comsur's books and records as they relate to the Services and the service fees paid or payable under Section 2.01 during normal business hours at Comsur's offices.

ARTICLE III TERM AND TERMINATION

Section 3.01 Term. This Agreement shall remain in effect until September 30, 2004. Following the initial term, this Agreement will be renewed automatically for successive 12-month periods, unless it is terminated by a mutual agreement of the parties in writing prior to the beginning of the next term, or by either party giving written notice to the other party at least 60 days prior to the beginning of the next term.

Section 3.02 Termination. Any party may, for any reason, terminate this Agreement by a written notice sent to the other party not less than 60 days prior to the intended termination date. Upon termination of this Agreement, Comsur shall have the right to retain any sums already paid by Paititi under this Agreement, and Paititi shall pay all sums accrued that are then due under this Agreement. After payment of this accrued amount, Comsur shall have no additional claims to any remuneration from Paititi.

ARTICLE IV MISCELLANEOUS PROVISIONS

Section 4.01 Notices. Any and all notices, elections, offers, acceptances, and demands permitted or required to be made under this Agreement shall be in writing, signed by the person giving such notice, election, offer, acceptance, or demand and shall be delivered personally, or sent by registered or certified mail, to the party, at its address on file with the other party or at such other address as may be supplied in writing. The date of personal delivery or the date of mailing, as the case may be, shall be the date of such notice, election, offer, acceptance, or demand.

Section 4.02 Force Majeure. If the performance of any part of this Agreement by either party, or of any obligation under this Agreement, is prevented, restricted, interfered with, or delayed by reason of any cause beyond the reasonable control of the party liable to perform, unless conclusive evidence to the contrary is provided, the party so affected shall, on giving written notice to the other party, be excused from such performance to the extent of such prevention, restriction, interference, or delay, provided that the affected party shall use its reasonable best efforts to avoid or remove such causes of nonperformance and shall continue performance with the utmost dispatch whenever such causes are removed. When such circumstances arise, the parties shall discuss what, if any, modification of the terms of this Agreement may be required in order to arrive at an equitable solution.

Section 4.03 Confidentiality. Comsur acknowledges and agrees that information regarding Paititi's business, operations and properties that has not been properly publicly disclosed (the "Confidential Information") constitutes proprietary and confidential information and trade secrets of Paititi. Comsur will: (i) take all reasonable efforts to protect and maintain the Confidential Information from unauthorized disclosure use, distribution or transfer; and (ii) not use the Confidential Information or disclose the Confidential Information to third parties, except as may be reasonably necessary to perform its obligations hereunder. Comsur will use commercially reasonable best efforts to cause its employees, agents or subcontractors receiving any Confidential Information to observe and abide by the confidentiality obligations set for in this Agreement.

Section 4.04 Successors and Assigns. This Agreement shall be binding on and shall inure to the benefit of the parties and their respective successors and assigns, and each party agrees, on behalf of it, and its successors and assigns, to execute any instruments that may be necessary or appropriate to carry out and execute the purpose and intentions of this Agreement and hereby authorizes and directs its successors and assigns to execute any and all such instruments. No party may assign its rights and obligations under this Agreement without the prior written consent of the other party.

Section 4.05 Costs and Expenses. Unless otherwise provided in this Agreement, each party shall bear all fees and expenses incurred in performing its obligations under this Agreement.

Section 4.06 Governing Law. This Agreement shall be governed by the laws of the Republic of Bolivia.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed on the date first written above by their authorized officers.

COMPANIA MINERA DEL SUR S.A.

By: _____ "Jaime Urjel"

EMPRESA MINERA PAITITI S.A.

By: _____ "Carlos Mirabal"

By: _____ "Jorge Szasz"

SCHEDULE “A”

The services to be provided by Comsur to Paititi are as follows:

1. Procurement: Comsur will be responsible for the procurement of all goods and services required by Paititi.
2. Personnel: Comsur will organize and train Paititi’s personnel and will attend to any medical problems which cannot be attended to by mine personnel. Comsur will provide services as to the payment of any social security contributions or other employee-related remittances from the funds of Paititi and will advise with respect to all personnel matters of Paititi. Comsur will monitor and ensure compliance by Paititi with applicable health and safety and labour laws and regulations and will be responsible for audits, coordination with external consultants and development and implementation of health and safety policies for Paititi.
3. Treasury: Comsur will provide services regarding the management of Paititi’s funds and the compliance with all financial requirements, and issue cheques for suppliers’ payments at its La Paz office.
4. Accounting and cost records: Comsur will provide all accounting and cost recording services required by Paititi, including without limitation preparation of monthly financial and management reports but excluding cost and operations accounting at the mine site) and maintain local legal books.
5. Taxes: Comsur will be responsible for matters in regards to taxation of Paititi and its payments, including the recovery of VAT and GAC from the government.
6. Commercial: Comsur will carry out commercial business of Paititi with third parties, which will include without limitation negotiation of commercial contracts, control of contract compliance, traffic and shipments.
7. Systems: Comsur will supervise installation and maintenance of all data processing systems at the mine, as well as those at the La Paz office which relate to Paititi.
8. Engineering and Geology: Comsur will supervise all engineering and geological work performed by or for Paititi related to the existing operations at the Don Mario mine and exploration of the lower mineralized zone and upper mineralized zone of the Don Mario property.
9. Legal: Comsur’s legal department will handle all of Paititi's legal requirements to the extent that external advice or expertise is not required, and if such external assistance is required, shall procure such services for Paititi.
10. Insurance: Comsur will handle processing of all of Paititi’s insurance policies, including purchase and renewal thereof and claims made thereunder.

11. Environment: Comsur will supervise and monitor compliance by Paititi with applicable environmental laws and regulations and will be in charge of audits, coordination with external consultants and development and implementation of environmental policies for Paititi.
12. General Management: Comsur will provide supervision and management in all aspects of Paititi's operations in order to ensure the good and proper operation of Paititi's business according to usual acceptable standards in the mining industry in Bolivia.