

# Avala Resources Announces Earn-in and Joint Venture Agreement with Rio Tinto on Its Lenovac Project in Serbia

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LONGUEUIL, November 30, 2015 - [Avala Resources Limited](#) (TSX VENTURE:AVZ) (the "Company" or "Avala") is pleased to announce that it has granted an option to Rio Tinto Mining & Exploration Limited ("[Rio Tinto](#)") to acquire up to 75% of its wholly-owned Lenovac exploration license (the "Lenovac Project") by incurring US\$40 million in exploration expenditures.

## The Agreement

Avala, its wholly owned Serbian subsidiary and Rio Tinto have entered into a binding earn-in and joint venture agreement (the "Agreement") under which Rio Tinto has the right but not the obligation to earn up to a 75% interest in the Lenovac Project by funding project expenditures of up to US\$40 million as follows:

1. if Rio Tinto incurs total project expenditures of US\$3 million by December 31, 2017, it will earn a 51% interest in the Lenovac Project ("Stage 1 earn-in project expenditure");
2. if Rio Tinto incurs additional project expenditures of US\$5 million by December 31, 2019, it will earn an additional 14% interest in the Lenovac Project, resulting in its total interest being 65%; and
3. if Rio Tinto incurs additional project expenditures of US\$32 million prior to December 31, 2023, it will earn an additional 10% interest in the Lenovac Project, resulting in its total interest being 75%.

Rio Tinto has agreed to incur minimum project expenditure of US\$1 million by December 31, 2016 which is to be part of the Stage 1 earn-in project expenditure.

A management committee will be formed and comprised of two representatives from each of Rio Tinto and Avala. Avala Resources will be the Manager of the Lenovac Project until at least December 31, 2016. Rio Tinto will then have the right to assume the role of Manager.

"We are extremely pleased to partner with Rio Tinto to explore the potential of the Lenovac Project" said David Fennell, Executive Chairman of Avala. "The Company anticipates initiating a drill campaign early in 2016."

## The Lenovac Project

The Lenovac Project consists of the 100%-held Lenovac license, granted to the Company in 2013. The license covers 132 km<sup>2</sup> and is located 170 km south-east of Belgrade. The project area is strategically located 10km due south of the Reservoir Minerals/Freeport-McMoran Cukaru Peki high-sulphidation epithermal and porphyry copper-gold discovery, along the eastern margin of the Timok Magmatic Complex. Surface geology is dominated by volcanic derived epiclastics (with occasional mineralized clasts) and other sediments that are interpreted as being post-mineral with respect to the mineralization observed at Bor. A location map of the project is shown in Figure 1.

To date, exploration efforts by the Company have focused on the potential for a mineralized system to be located beneath exposed post-mineral cover. The Company has carried out early stage exploration work on the Lenovac licence, including detailed stratigraphic and structural mapping, as well as a CSAMT geophysical survey consisting of 28 line km. Interpretation and modelling of the resulting resistivity data has indicated a number of deep structural corridors that are viewed as potential exploration drill targets

## Qualified Person

Mr. Justin van der Toorn, CGeol FGS, EurGeol, the Company's Exploration Manager in Serbia, and a "qualified person" as defined by National Instrument 43-101 - Standards of Disclosure for Mineral Projects,

has approved the scientific and technical information in this press release.

### **About Avala Resources Ltd.:**

Avala Resources is a mineral exploration company focused on the exploration and development of gold and copper projects in Serbia. The Company's key projects are the Timok Gold Project which comprises the Korkan, Bigar Hill and Krakus Pester deposits, the Tulare Project which comprises the Kiseljak and Yellow Creek porphyry copper-gold deposits, and the Lenovac Project in the southeast of the Timok Magmatic Complex.

The common shares of Avala trade on the TSX Venture Exchange under the symbol 'AVZ'. Avala's issued and outstanding share capital totals 43,598,138 common shares, of which approximately 50.1% is held by [Dundee Precious Metals Inc.](#) (TSX:DPM).

### **Cautionary Statement Regarding Forward-Looking Information**

*This press release contains 'forward-looking information' within the meaning of applicable Canadian securities legislation. Forward looking information in this press release includes information about the amount of expenditures that may be funded by Rio Tinto on the Lenovac Project. Rio Tinto does not have any obligation to spend more than \$1,000,000 on the project. Since forward-looking information are based on assumptions and address future events and conditions, by their very nature they involve inherent risks and uncertainties. Rio Tinto may elect not to proceed with earning an interest on the Lenovac Project for many reasons such as: the results of exploration programs, general economic conditions and conditions in the financial markets; changes in demand and prices for metals; legislative, environmental and other regulatory, political and competitive developments; operational difficulties encountered in connection with the activities on the project. This list is not exhaustive of the factors that may affect any of the Company's forward-looking information. These and other factors made in public disclosures and filings by the Company should be considered carefully and readers should not place undue reliance on the Company's forward-looking information. The Company does not undertake to update any forward-looking statement that may be made from time to time by the Company or on its behalf, except in accordance with applicable securities laws.*

*Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this press release.*

To view Figure 1: Location of the Lenovac Project shown with respect to the location of historic resources near Bor, and the Reservoir Minerals/Freeport McMoran Cukaru Peki joint venture project, please visit the following link:

<http://media3.marketwire.com/docs/AVZ-Figure1.pdf>.

### **Contact**

[Avala Resources Ltd.](#)

David Fennell, Executive Chairman

+1.450.640.0810

[info@avalaresources.com](mailto:info@avalaresources.com)

[www.avalaresources.com](http://www.avalaresources.com)

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