Avala Resources Announces Initial Metallurgical Testwork Results for the Timok Gold Project, Serbia

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LONGUEUIL, November 13, 2012 - Avala Resources Ltd. (TSX VENTURE:AVZ) (the "Company" or "Avala") is pleased to announce an initial summary of ongoing metallurgical testwork on the Bigar Hill, Korkan and Kraku Pester deposits, which form part of the Timok Gold Project (TGP), an emerging sediment-hosted gold belt located in Eastern Serbia.

- Testwork shows that a significant proportion of the TGP mineralization, including the primary material in all three deposits, is free milling, with an average CIL recovery of 61% for the Korkan, Bigar Hill and Kraku Pester sediments.

- Bigar Hill oxidized material returns 95% CIL recovery.

- A conceptual flowsheet involving flotation, pressure oxidation followed by intense leaching of the POX residue, and CIL leaching of the flotation tailings has achieved 77% recovery and overall gold extraction can be improved significantly with optimization of the flotation process, with a target recovery in excess of 80%.

To date, some 315kg of quarter PQ and HQ core, representing 218 meters of drill intersection, have been collected from the Korkan, Bigar Hill and Kraku Pester deposits. Metallurgical samples have been carefully chosen to be representative of the proportion of different lithologies, oxidation state, gold and sulphur grade ranges.

In addition, over 11,800 five-meter mineralized composites have been collected from the three deposits, using the Avala sample pulp library, for a major variability sampling program, to be completed in Q1 2013. The mineralized composites, collected using a notional 0.1g/t cut off grade, will be tested using a bottle roll cyanidation extraction followed by duplicate residue assays, in order to map the inherent 'in situ' recovery, based on a particle size of p80 75 microns, in three dimensions as part of the development of a comprehensive geometallurgical model.

Metallurgical testwork has been designed and carried out by SGS Mineral Services UK in Cornwall, UK and SGS Lakefield (SGS), and by Resource Development Inc (RDI) of Denver, Colorado.

Complete details of testwork carried out and the generation of the conceptual flowsheets are given in Appendix 1.

Based on the results of the work to date, the conceptual flowsheet comprises grinding, flotation, pressure oxidation (POX) of the flotation concentrate, followed by intensive cyanidation of the POX residue, along with carbon-in-leach (CIL) of the flotation tailings.

A diagram summarizing the conceptual flowsheet is available at the following address:
http://media3.marketwire.com/docs/avz11113.jpg

RESULTS

Overall gold extraction using the conceptual flowsheet can be projected to be at least 80% as the various component parameters are optimized. Gold extraction of POX material ranged from 87% to 93% with leaching of the flotation tailings returning 50% to 67% recoveries, for overall gold recoveries of 68% to 77%. Overall gold extraction can be improved significantly by optimization of the flotation process. Further testwork to optimize the flowsheet and test alternative methods are planned for 2013.

PLANNED ADDITIONAL METALLURGICAL TESTWORK

An extensive program of additional metallurgical testwork is planned during 2013. Planned activities include the following:

- Bottle roll analysis and residue assaying of the +11,800 five meter composite database.

- Additional pulp resampling to expand the bottle roll composite database.

- Development of 3D geometallurgical models of Bigar Hill, Korkan and Kraku Pester.

- Extensive variability sampling and metallurgical testwork.

- Flotation parameter optimization.

- Determination of the optimal oxidation process, including bacterial leaching testwork.

- Additional studies on optimizing leaching of the flotation tailings and 'run-of-mine' ore.

- Additional mineralogical studies.

- Further refinement of the optimal metallurgical flowsheet.

- Additional comminution studies, including separation of barren sedimentary clasts.

Commenting on the results of the metallurgical testwork, James Crombie, President and CEO of Avala said, "We are extremely pleased with the results of the testwork so far. Further work to optimize this process and additional work on alternative methods such as bacterial leach should further improve the overall recoveries."

QUALIFIED PERSONS

The metallurgical testwork has been managed and reviewed by independent qualified person Dr. Deepak Malhotra SME of Resource Development Inc. Dr. Malhotra of RDI has reviewed and approved the contents of this press release.

The other technical information contained in this press release was prepared and approved by Dr. Julian F. H. Barnes, FAusIMM, MAIG, a director of the Company and special consultant. Dr. Barnes is a 'qualified person' within the meaning of that term under NI 43-101. An updated technical report in compliance with NI 43-101 is being compiled and will be filed on SEDAR within 45 days of this press release.

About Avala Resources Ltd.:

Avala Resources is a mineral exploration company focused on the exploration and development of the Timok Gold Project in Eastern Serbia. The Timok Gold Project comprises several targets, including Bigar Hill, Korkan, and Kraku Pestar. Avala controls 100% of this newly identified sediment-hosted gold belt which totals approximately 250 square kilometers.

Please see the following link to view all Korkan-Bigar and Kraku Pestar drill holes located spatially in three dimensions: http://www.corebox.net/properties/timok-gold-project

Avala had approximately $7.7 million in its treasury at September 30, 2012. Avala's issued and outstanding share capital totals 214,492,223 common shares, of which approximately 51.4% is held by Dundee Precious Metals Inc. (TSX:DPM). The common shares of Avala trade on the TSX Venture Exchange under the symbol AVZ.

Cautionary Statement Regarding Forward-Looking Information

This press release contains 'forward-looking information' within the meaning of applicable Canadian securities legislation. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "anticipate", "believe", "plan", "expect", "intend", "estimate", "forecast", "project", "budget", "schedule", "may", "will", "could", "might", "should" or variations of such words or similar words or expressions. Forward-looking information is based on reasonable assumptions that have been made by the Company as at the date of the information and is subject to known and unknown risks, uncertainties, and other factors that may cause actual results or events to differ materially from those anticipated in the forward-looking information.

Forward looking information in this news release includes information with respect to potential gold recoveries as well as the potential improvement of such recoveries with optimization of the flotation process,

the target recovery in excess of 80%, the Company's plans to complete additional test work, the timing and location of future work programs, the results and interpretation of studies and exploration activities, the nature of the mineralization of the project, the potential size of the sediment-hosted gold system, and the possibility that the Timok Gold Project will prove to be economic.

Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be factors that cause results to be other than as anticipated, estimated or intended. There can be no assurance that the forward looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information contained herein, except in accordance with applicable securities laws.

The Company has reported "Inferred Resources" on its Timok Project. Inferred Resources have a great amount of uncertainty as to their existence, and economic and legal feasibility. Mineral resources that are not mineral reserves do not have demonstrated economic viability. Investors are cautioned not to assume that all or any part of the inferred mineral resource estimates reported by the Company will ever be upgraded to a higher category or to reserves.

An appendix is available at the following address:
http://media3.marketwire.com/docs/avz21113.pdf

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.

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