Avala Resources Announces Initial Resource Estimate for Kraku Pester, Part of the Timok Gold Project

14.01.2013 | Marketwired

LONGUEUIL, Jan. 14, 2013 - Avala Resources Ltd. (TSX VENTURE:AVZ) (the "Company" or "Avala") is pleased to announce the initial resource estimate for the Kraku Pester project area, part of its Timok Gold Project, a new gold discovery in an emerging sediment-hosted gold belt located in Eastern Serbia.

The Kraku Pester National Instrument 43-101 compliant mineral resource, prepared by AMC Consultants Limited (UK) ("AMC"), an independent mining consulting firm, has been estimated, using a 0.6g/t gold cut off, at 6,320,000 tonnes grading an average of 1.31 g/t gold in the indicated resource category for 266,000 ounces of gold and 2,200,000 tonnes grading an average of 1.0 g/t gold in the inferred resource category for 68,000 ounces of gold. The combined inferred resources for Kraku Pester, Korkan and Bigar Hill have been estimated at 48,664,000 tonnes at an average grade of 1.5 g/t gold in the inferred resource category for 2,397,000 ounces of gold, using a 0.6 g/t gold cut off.

A summary of the Kraku Pester mineral resource estimate using various cut-offs is tabulated below:

KRAKU PESTER
RESOURCE ESTIMATE 1,2,3,4,5
Combined Mineralized Zones
In Situ Resources
Local Multiple Indicator Kriging
5m x 5m x 5m Selective Mining Unit

Cut Off Grade (Au g/t)	Million Tonnes	Au (g/t)	Thousand Ounces (Au)
	INDICATED RESOURCES		
0.2	11.37	0.91	332
0.4	8.93	1.07	308
0.6	6.32	1.31	266
0.8	4.63	1.54	229
1.0	3.62	1.72	200
	INFERRED RESOURCES		
0.2	8.1	0.5	140
0.4	4.4	0.7	104
0.6	2.2	1.0	68
0.8	1.3	1.2	49
1.0	0.7	1.4	32

1. The effective date of the Kraku Pester mineral resource estimate is 9th January 2013.

2. The gold price used in this estimate was the mean gold price for 2010, 2011 and 2012 of US$1490/oz. First phase, extensive metallurgical test work has been completed and, based on information to date, along with possible projected throughput rates for the entire Timok Gold Project, typical mining costs and a range of processing costs and indicative processing suitable gold cut off grades are considered to lie in the range of 0.4g/t to 0.8g/t.

3. Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues.

4. The quantity and grade of reported inferred resources in this estimation are uncertain in nature and there has been insufficient exploration to define these inferred resources as indicated or measured mineral resources.
5. Totals and average grades are subject to rounding to the appropriate precision.

A summary of the Kraku Pester, Korkan and Bigar Hill resource estimates is tabulated below:

TIMOK GOLD PROJECT
INIDCATED AND INFERRED RESOURCE ESTIMATES1,2
Combined Mineralized Zones
In Situ Resources
Local Multiple Indicator Kriging
5m x 5m x 5m Selective Mining Unit

Cut Off Grade (Au g/t)	Million Tonnes	Au (g/t)	Million Ounces (Au)
	INDICATED RESOURCES		
	KRAKU PESTER		
0.2	11.37	0.9	0.33
0.4	8.93	1.1	0.31
0.6	6.32	1.3	0.27
0.8	4.63	1.5	0.23
1.0	3.62	1.7	0.20
	INFERRED RESOURCES		
	KORKAN		
0.2	49.5	0.8	1.3
0.4	31.0	1.2	1.2
0.6	20.1	1.5	1.0
0.8	13.5	1.9	0.8
1.0	10.0	2.3	0.7
	BIGAR HILL		
0.2	63.9	0.9	1.8
0.4	38.0	1.3	1.5
0.6	26.4	1.6	1.4
0.8	20.4	1.9	1.2
1.0	16.5	2.1	1.1
	KRAKU PESTER		
0.2	8.1	0.5	0.14
0.4	4.4	0.7	0.10
0.6	2.2	1.0	0.07
0.8	1.3	1.2	0.05
1.0	0.7	1.4	0.03
	TOTAL INFERRED RESOURCES		
0.2	121.5	0.8	3.2
0.4	73.4	1.2	2.8
0.6	48.7	1.5	2.4
0.8	35.2	1.9	2.1
1.0	27.2	2.1	1.9

1. The effective dates of the mineral resource estimates are: Kraku Pester, 9th January 2013, Korkan, 30th October 2012 and Bigar Hill, 30th June 2012.

2. See notes 2 to 5 in the Kraku Pester Resource Estimate table above.

The Timok Gold Project comprises several targets including Bigar Hill, Korkan and Kraku Pester. The Kraku Pester resource estimate is the last of three scheduled initial resource estimates.

Infill drilling at 40 meter by 40 meter spacing has now been completed at Korkan and Bigar Hill. Once all assay and QAQC data for the 40 meter by 40 meter drilling over the deposits has been received, the resource estimates will be updated with the aim of upgrading the estimates to Indicated Resources. The databases are expected to be completed and 'closed off' during February 2013 with revised resource estimates planned for completion in Q2 2013.

Avala controls 100% of this newly identified sediment-hosted gold belt which totals approximately 250 square kilometers.

1. HIGHLIGHTS

- Independent resource estimation has been completed by Chris Arnold MAusIMM CP(Geo) of AMC.

- The Kraku Pester resource estimate is based on 139 drill holes (38 diamond drill holes and 94 reverse circulation drill holes, including 7 RC holes with diamond drill core 'tails'). Details of the drilling and sampling program are summarised in the table below.

Item	DD	RC	Total
HOLES	45	94	139
METERS DRILLED	10,713	14,962	25,675
SAMPLES	10,007	14,962	24,969
AVERAGE RECOVERY	96%	86%	90%
PRIMARY ASSAYS (Au)	10,007	14,962	24,969
BULK DENSITIES			1,482
TWIN DRILL PAIRS			7
TWIN DRILL METERS			1,111
40m x 40m (%)			86%

- A very large amount of check sampling and assaying has been completed, as part of Avala's standard QAQC procedures.

- Block model preparation and resource estimation has been completed using Datamine and Isatis. One-meter composites (the standard Avala sampling unit) were used to define geological boundaries and mineralized wireframes, whilst three-meter down hole composites were used for statistical analysis, variography and resource estimation.

- Resource estimation has been completed using the geostatistical technique, Local Multiple Indicator Kriging ("Local MIK"). Local MIK is a form of Multiple Indicator Kriging ("MIK") where the grades are 'mapped' directly into selective mining unit ("SMU") sized blocks from a MIK estimate. Bulk density has been estimated into the block model using inverse distance weighting. One main mineralized zone was defined; predominantly within the main sediment package with part of the mineralization being hosted in monzonite. A total of 11 indicator cut offs were used to define the metal distribution within the model cells. Statistical analysis of the composite grade distribution confirmed that the application of an upper cut was not required prior to grade estimation.

- The mineral resource was estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council. The in-situ resource estimate is within the defined mineralized wireframes and is reported at a wide range of lower cut off grades. An initial, comprehensive, phase of metallurgical test work has been completed.

2. ADDITIONAL INFORMATION

Drilling and Sampling

- Figure 1 shows the location of the Kraku Pester deposit within the Timok Gold Project, whilst Figure 2 displays the drilling carried out to date at Kraku Pester along with a gram-meter map of mineralization. Figure 3 shows a typical cross section through the Kraku Pester deposit, illustrating the near-surface, shallow dipping nature of gold mineralization. Drilling and sampling of the Kraku Pester deposit has utilised Avala's full set of detailed and extensive procedures.

Density Measurements

- Density measurements are routinely taken every three meters down hole from diamond drill core. The bulk density of the core billets is measured at the SGS managed laboratory at Bor using the industry standard wax-seal immersion method.

Twin Drilling

- Twin drilling has been routinely performed with some 7.4% of all RC holes being twinned with diamond drilling.

- At Kraku Pester 7 DD 'twin holes' have been completed, for 1,111 meters.

- The routine reverse circulation-diamond 'twin' drilling program continues to confirm that the majority of mineralized intercepts and hence the deposit style, is dominated by layer-parallel, lithology-controlled gold mineralization and that there can be close spaced variation in gold grade, as is typical for gold deposits.

Variography

- Detailed variography has been carried out for six of the 11 indicator cut offs that have been used in the Local MIK grade estimation.

Grade-Tonnage Reporting

- The Kraku Pester resource model has been categorized as Indicated and Inferred Resources using the CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines. The table below summarizes the grade-tonnage data for the Bigar Hill, Korkan and Kraku Pester deposits, subdivided by the principal interpreted mineralized zones.

- In the table below, the reported tonnes, grade and contained gold have been rounded to the appropriate level of precision for the reporting of Indicated and Inferred Resources, and the numbers may not correlate exactly due to rounding errors.

- A series of significant gold deposits has been defined at Kraku Pester, Korkan and Bigar Hill and Avala considers the potential for further discoveries in the Timok Gold Project to be very high.

KORKAN, BIGAR HILL AND KRAKU PESTER
INDICATED AND INFERRED RESOURCE ESTIMATE 1
Subdivided By Mineralized Zone Domain
Local Multiple Indicator Kriging
5m x 5m x 5m Selective Mining Unit

	Andesite/Mozonite						
MMVO2	S1/LMST						
MSSL	S1/S2						
MSSS3	TOTAL						
Cut Off Grade							
(Au g/t)	Mt	Au					
(g/t)	Moz	Mt	Au				
(g/t)	Moz	Mt	Au				
(g/t)	Moz	Mt	Au				
(g/t)	Moz						
INDICATED RESOURCES							
KRAKU PESTER							
0.2	4.17	0.87	0.12			7.20	
0.4	3.16	1.05	0.11			5.77	
0.6	2.27	1.26	0.09			4.05	
0.8	1.68	1.46	0.08			2.96	
1.0	1.29	1.64	0.07			2.33	
INFERRED RESOURCES							
KRAKU PESTER							
0.2	5.7	0.5	0.1			2.4	0.5
0.4	3.1	0.7	0.1			1.3	0.7
0.6	1.6	0.9	0.0			0.6	1.0
0.8	0.9	1.2	0.0			0.4	1.2
1.0	0.5	1.4	0.0			0.2	1.5
KORKAN							
0.2	1.5	0.4	0.0	41.6	0.9	1.2	6.4
0.4	0.7	0.6	0.0	27.3	1.2	1.0	2.9
0.6	0.2	0.7	0.0	18.3	1.5	0.9	1.6
0.8	0.0	0.9	0.0	12.5	1.9	0.8	1.0
1.0			9.4	2.3	0.7	0.6	2.3
BIGAR HILL							
0.2	4.1	0.6	0.1	25.2	0.6	0.5	34
0.4	2.2	1.0	0.1	13.2	1.0	0.4	22
0.6	1.4	1.2	0.1	8.0	1.3	0.3	17.0
0.8	1.0	1.4	0.0	5.5	1.6	0.3	14.0
1.0	0.7	1.7	0.0	4.0	1.8	0.2	11.9
TOTAL INFERRED RESOURCES							
0.2	11.3	0.6	0.2	66.7	0.8	1.7	43
0.4	6.0	0.8	0.2	40.5	1.1	1.5	26
0.6	3.2	1.1	0.1	26.2	1.5	1.2	19
0.8	1.9	1.3	0.0	17.9	1.8	1.1	15
1.0	1.2	1.6	0.0	13.3	2.1	0.9	12

1. See notes on page 1-2.
2. For Kraku Pester the proportion of the resource that is hosted in monzonite is reported here.
3. For Kraku Pester, the remainder of the deposit (dominantly sediments with minor volcanics) is reported here.

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

3. SAMPLING AND ANALYSIS

The majority of soil samples have been assayed at the ALS Chemex laboratory, Perth, Australia. More recent programs have been assayed at the SGS managed laboratory at Chelopech in Bulgaria using a combination of ICP-OES and ICP-MS; whereas gold has been assayed by low level detection fire assay method with an AAS finish. The Company has established a laboratory facility at Bor, Eastern Serbia which is independently managed by SGS. Trench samples were prepared at the laboratory facility at Bor and the samples have been assayed at the SGS managed laboratory at Chelopech in Bulgaria or the laboratory facility at Bor. Diamond drill core has been prepared at the laboratory facility at Bor and assayed at either the SGS managed laboratory at Chelopech in Bulgaria or the assay laboratory at Bor. A one meter sampling interval has been used where possible for the Timok Gold Project diamond drilling program. Half core is routinely submitted to the laboratory for analysis. Reverse circulation drill samples have been prepared at the

laboratory facility at Bor and assayed at the laboratory at Bor. A one meter sampling interval has been used for the Timok Gold Project reverse circulation drilling program. Following Avala standard quality assurance procedures, a full suite of field and laboratory duplicates and replicates along with internationally accredited standards and blanks, have been submitted with each batch of samples.

Trench sampling was carried out as channels in the wall just above the trench floor on 2m intervals. Except where extensive soil cover is encountered, trenches are sampled in their entirety. The samples were routinely weighed prior to final bagging to maintain an even sample size and to avoid sampling bias in harder rock types. An average channel sample weight was maintained at 3kg/m, which produces a consistent sample weight approximating half HQ core samples. Field duplicate samples were taken every 20 samples and known standards were inserted into the sample stream after every 20th sample. A geological and structural log was completed as for diamond drilling. All data collected in the field is routinely entered into geology and structural geology spread sheets using Field Marshal software for subsequent inclusion in an acQuire database and validation.

4. QUALIFIED PERSONS

The Kraku Pester resource estimate was undertaken by independent qualified person Chris Arnold MAusIMM CP(Geo) of AMC. Mr. Arnold of AMC has reviewed and approved the contents of this press release insofar as the Kraku Pester mineral resource estimate is concerned.

AMC is completing a technical report for the mineral resource estimate in compliance with NI 43-101 to be filed on SEDAR within 45 days 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.

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 Korkan, Bigar Hill and Kraku Pester. Avala controls 100% of this newly identified sediment-hosted gold belt which totals approximately 250 square kilometers. The common shares of Avala trade on the TSX Venture Exchange under the symbol AVZ.

Avala had approximately $4.4 million in its treasury at November 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).

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 "believe", "plan", "expect", "intend", "estimate", "project", "schedule", "may", "will", "could", "might", "should" or variations of such words or similar words or expressions. Forward looking information in this press release includes information about mineral resource estimates, the potential expansion and upgrade of such the resource estimates, 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, and the potential for further discoveries. Since forward-looking information are based on assumptions and address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated in such statements for many reasons such as: changes in general economic conditions and conditions in the financial markets; changes in demand and prices for gold; legislative, environmental and other regulatory, political and competitive developments; operational difficulties encountered in connection with the activities of the Company; the Company's financial condition, and other matters discussed in this news release. 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.

"Inferred Resources" have a great amount of uncertainty as to their existence, and economic and legal

feasibility. Investors are cautioned not to assume that all or any part of an inferred mineral resource reported in this news release will ever be upgraded to a higher category or to reserves. Mineral resources are not mineral reserves and do not have demonstrated economic viability. U.S. persons are advised that while mineral resources are recognized under Canadian regulations, the U.S. Securities and Exchange Commission does not recognize them. U.S. persons are also cautioned not to assume that all or any part of an inferred mineral resource is economically or legally mineable.

Figures 1, 2 and 3 are available at the following address:
http://media3.marketwire.com/docs/avz_figures0114.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.

Contact

Avala Resources Ltd.
James Crombie, President and Chief Executive Officer
+1.450.640.0810
info@avalaresources.com
www.avalaresources.com