Avala Resources Announces Inferred Resource Estimate for Korkan East, Timok Gold Project

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LONGUEUIL, Apr 23, 2014 - Avala Resources Ltd. (TSX VENTURE:AVZ) (the "Company" or "Avala") is pleased to announce a resource estimate for the Korkan East deposit, which is part of its Timok Gold Project located in Eastern Serbia.

Using a 2g/t in situ gold-equivalent cut-off grade (Au_Eq) the Korkan East deposit contains in-situ inferred resources of 1.37 million tonnes at an average grade of 3.4g/t gold (Au), 44 g/t silver (Ag), 0.6% lead (Pb), 0.5% zinc (Zn) and 0.8% arsenic (As), for 147,000 ounces of Au, 1.919 million ounces of Ag, 8,300 tonnes of Pb and 7,100 tonnes of Zn. The resource estimate is based on 54 drill holes and 8,593 samples.

TIMOK GOLD PROJECT													
KORKAN EAST													
INFERRED IN SITU RESOURCE ESTIMATE													
Cut-Off	Tonnes	Au_Eq	Au	Ag	Pb	Zn	As	S	Au_Eq	Au	Ag	Pb	Zn
(Au_Eq) g/t	(mt)	(g/t)	(g/t)	(g/t)	(%)	(%)	(%)	(%)	(koz)	(koz)	(koz)	(kt)	(kt)
MBX BRECCIA ZONE													
2.0	1.12	4.6	3.6	47	0.6	0.6	0.8	3.6	166	130	1,703	7.1	6.4
S1/LMST													
2.0	0.25	2.9	2.2	27	0.5	0.3	0.9	2.8	23	18	215	1.1	0.7
TOTAL INFERRED RESOURCES													
2.0	1.37	4.3	3.4	44	0.6	0.5	0.8	3.1	189	147	1,919	8.3	7.1

Notes:

1. *The effective date of the Korkan East mineral resource estimate is* ***31st March 2014***
2. The resource estimation has been completed by Chris Arnold MAusIMM CP(Geo) of AMC Consultants Limited ("AMC").
3. The gold price for the Korkan East estimate is US$1300/oz. The location and style of Korkan East suggests that an underground mining approach is appropriate and a 2g/t Au_Eq cut off grade has been used to report the resource estimate.
4. 2g/t Au_Eq cut off in-situ metal prices (Au US$1300/oz, Ag US$20/oz, Pb US$2,000/t, Zn US$2,000/t).
5. 2g/t Au_Eq cut off: Au_Eq = ((Au g/t * 41.80)+(Ag ppm * 0.3858)+(Pb% * 20.0) + (Zn% * 20.0))/41.80
6. 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.
7. 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.
8. Totals and average grades are subject to rounding to the appropriate precision.
9. 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 the CIM Council.

The Timok Gold Project, incorporating the Bigar Hill, Korkan, Kraku Pester and Korkan East deposits, has a combined in-situ indicated resource estimated at 46.3 million tonnes at an average grade of 1.56 g/t Au for a total of 2.32 million ounces of Au. Additionally, a combined inferred resource of 10 million tonnes at an average grade of 1.6 g/t Au for a total of 0.5 million ounces of Au has been defined within the Timok Gold Project. The cut-off grade and the Au price used for the Bigar Hill, Korkan, Kraku Pester estimates was 0.6 g/t and US$1,250/oz, respectively and for Korkan East, 2.0 g/t and US$1300/oz, respectively.

TIMOK GOLD PROJECT
INDICATED AND INFERRED IN SITU RESOURCE ESTIMATES

		Indicated			Inferred		
Deposit	Cut Off Grade (Au g/t)	Million Tonnes	Au (g/t)	Million Ounces (Au)	Million Tonnes	Au (g/t)	Million Ounces (Au)
Bigar Hill	0.6	25.48	1.63	1.34	1.6	1.6	0.08
Korkan	0.6	14.51	1.53	0.72	4.9	1.4	0.21
Kraku Pester	0.6	6.32	1.31	0.27	2.2	1.0	0.07
Korkan East	2.0				1.4	3.4	0.15
Total		46.30	1.56	2.32	10.0	1.6	0.51

The Korkan East deposit, in part, comprises a polymetallic style of mineralization, containing elevated levels of gold, silver, lead, zinc and arsenic. The volume of rock that contains Korkan East was initially assessed as part of Korkan in the 2012 resource estimate. The Korkan East sector was subsequently removed from the volume estimated in the 2013 resource update of Korkan to enable the preparation of a separate polymetallic resource estimate, which is reported upon here. **Figure 1** shows the zone within which Korkan East has been defined.

The Company is in the process of finalizing a preliminary economic assessment ("PEA") of its Timok Gold Project, which includes the Bigar Hill, Korkan and Kraku Pester deposits. The Korkan East deposit will not be included in the PEA at this stage. The results of the PEA should be available by the end of April.

Korkan Mineralization Style

- The Korkan East sector is located immediately proximal to, and below the northeast portion of the Korkan deposit; mineralization commences approximately 170 meters below the surface. Refer to **Figure 1** for the location of Korkan East relative to the Korkan deposit.
- The polymetallic mineralization has been defined over approximately 300 meters down-plunge and is up to 50 meters wide and 50 meters high. The mineralization plunges approximately 30 degrees towards the northeast and remains open down plunge. Refer to **Figure 2** for a representative cross section of Korkan East.
- The gold and base metal mineralized rocks at Korkan East show characteristic features of carbonate replacement deposits; the link with the nearby lower temperature sediment-hosted gold is unclear at this time.
- Two styles of mineralisation were modelled, one at the lower limestone-clastic sediment contact which is typically associated with brecciation and carbonate replacement textures (MBX in the table above) and another higher up in the stratigraphic sequence (MSSL in the table above).
- A geological model was developed for use in resource estimation, along with mineralized domains. In addition, a domain was modelled within which significantly elevated levels of Ag, Pb, Zn and As are noted and the domain was used in grade estimation for the Ag, Pb, Zn, As and S.

Drilling and Sampling

- The source data for the Korkan East resource estimate is based on the following drilling and sampling information:

DRILLING DATA USED IN THE KORKAN EAST RESOURCE ESTIMATION				
Item	DD	DT	RC	Total
HOLES	34	1	19	54
METERS DRILLED	5,759.5	159.8	2,683	8,602.3
SAMPLES	5,751	159	2,683	8,593
AVERAGE RECOVERY	99%	98%	97%	98%
PRIMARY ASSAYS (Au)	5,751	159	2,683	8,593
BULK DENSITIES	1,310	47		1,357

- All drill holes have been down-hole surveyed at regular intervals; with drill collars surveyed using DGPS or total station surveying methods. The topographic surface is based on detailed DGPS and total station surveying methods, with an average survey station spacing of approximately 15 meters by 15 meters.
- As per standard Avala data acquisition protocols, a full set of field duplicates, lab duplicates and replicates, blanks and internationally accredited assay standards have been routinely collected and inserted into the sample sequence.
- All drill hole assaying and bulk density measurements have been carried out independently by SGS.
- Please see the following link to view all Timok Gold Project drill holes located spatially in three dimensions: http://www.corebox.net/properties/timok-gold-project

Resource Estimation

- The assay data was composited to a 2m down hole composite interval prior to resource estimation. Ag, Pb and Zn were estimated using ordinary kriging, while As, S and density were estimated using an inverse distance squared grade weighting algorithm. No upper cut was applied during grade estimation.
- Au was estimated using ordinary kriging with indicator kriging using a 2g/t indicator cut off to define estimation domains along with an upper grade cap of 20g/t.
- The in-situ resource estimates are within the defined mineralized wireframes and have been categorized as Inferred Resources.

Metallurgical Testwork

- Korkan East testwork to date has been carried out on mineralized material from diamond drill holes KODD058 and KODD100.
- Based on petrographic studies, the predominant gangue minerals are dolomite, calcite and quartz. The main sulfide minerals are pyrite, arsenopyrite, sphalerite and galena. Silver is present as ruby silver and possibly argentite. Fine grained gold is associated with sulfides.
- Diagnostic leach testwork, including pre-oxidation, gravity recovery and flotation testwork indicated that flotation is the optimal recovery approach.
- Metallurgical tests to date have indicated the following:
    - A marketable grade lead concentrate (53%) can be produced using a coarse grind size (150um and 100um) while recovering most of the silver.
    - A good grade zinc concentrate (13%) can be produced.
    - The majority of the gold (and arsenic) can be recovered between the combination of the zinc cleaner tail and sulfide rougher concentrate.
- Further testwork is planned to refine the metallurgical flotation parameters to optimise recovery and for use in scoping studies on the Korkan East deposit.

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.

At the SGS managed assay facility in Bor, analysis of drill or trench samples for gold is routinely carried out using a 50g fire assay charge with an AAS finish. Silver, lead, zinc, copper and arsenic are analyzed using an aqua regia digest (0.3g charge) followed by either an AAS or ICP-MS finish. Sulfur is analyzed using an Eltra combustion furnace (0.2g charge).

Qualified Persons

The Bigar Hill, Korkan, Kraku Pester and Korkan East resource estimates were undertaken by independent qualified person Chris Arnold MAusIMM CP(Geo) of AMC. Mr. Arnold has reviewed and approved the contents of this press release insofar as mineral resource estimates are concerned.

Metallurgical testwork summarised in this press release has been managed and reviewed by an independent qualified person, Dr. Deepak Malhotra, SME-Registered Member and President of Resource Development

Inc. (RDi). Dr. Malhotra of RDi has reviewed and approved the contents of this press release.

The 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 the Korkan, Bigar Hill, Kraku Pester and Korkan East deposits. Avala controls 100% of this recently 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 $1.0 million in its treasury at March 31, 2014. Avala's issued and outstanding share capital totals 254,492,223 common shares, of which approximately 53.1% 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 Canadian securities legislation. Forward looking information in this press release includes information about the results and interpretation of the mineral resource estimate, the results of additional metallurgical testwork, the timing of the completion of the PEA, the nature of the mineralization of Korkan East, and the results and interpretation of studies and exploration activities. Mineral resources are not mineral reserves and do not have demonstrated economic viability. "Inferred Resources" have a great amount of uncertainty as to their existence, and economic and legal feasibility. Since forward-looking information is based on assumptions and addresses future events and conditions, by its very nature it involves risks and uncertainties. Actual results could differ materially from those anticipated in the forward looking information for many reasons including, but not limited to: 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; and the Company's financial condition. These and other factors referred to 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 information, except as required by 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.

Figures 1 and 2 are available at the following link:
http://media3.marketwire.com/docs/941179_figures.pdf

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