Avala Resources Limited: Announces Private Placement of Convertible Debentures

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LONGUEUIL, Jan 22, 2016 - Avala Resources Limited (TSX VENTURE:AVZ) ("Avala") announces that it has entered into a letter of intent with Dundee Precious Metals Inc. ("DPM") setting out the terms under which DPM intends to purchase up to US$1 Million of senior secured convertible debentures of Avala that can be drawn in three tranches (the "Debentures"). The Debentures will bear interest at the rate of 12% per annum on the first US$500,000, 15% per annum on the next US$250,000, and 18% per annum on the last US$250,000 tranche, with the last drawdown requiring DPM's pre-approval. DPM will have the option to convert all or part of the principal amount of the Debentures into common shares of Avala at any time up to 180 days after maturity of the Debentures at a conversion price of $0.05 per common share. The Debentures will mature on May 26, 2016. The Debentures will be issued in reliance upon prospectus and private placement exemptions and any shares issued upon exercise of the conversion right may be subject to resale restrictions.

The issuance of the Debentures to DPM is a related party transaction pursuant to MI 61-101. Avala is relying on the exemption from the formal valuation and minority shareholder approval requirements contained in sections 5.5 (b) and 5.7(1)(e) of MI 61-101. The directors of Avala including all independent directors entitled to vote have determined that the terms of the transaction are reasonable taking into account the circumstances of the Company and have approved of the transaction. The issuance of the Debentures is subject to a number of conditions, including but not limited to TSXV approval and execution of debenture agreements.

Avala will apply the proceeds of the sale of the Debentures to fund its operating costs and working capital requirements including a 1,500 meter drilling program on its Timok project which is required to meet a minimum working requirement for the renewal of the related mineral license.

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, the Tulare Project and the Lenovac Project.

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). Additional information about Avala is available on SEDAR at www.sedar.com and at www.avalaresources.com.

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 completion and timing of the proposed $1 million convertible debentures. These forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ materially from those anticipated, including, the financing not being completed as a result of required regulatory approvals not being obtained; and other risks and uncertainties. Readers should not place undue reliance on the forward-looking information contained in this news release. Avala does not undertake to update any forward-looking information, except as required by applicable securities laws.

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

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