Avala Resources Ltd.: Completes Second Tranche of Convertible Debenture Private Placement

04.04.2016 | Marketwired

LONGUEUIL, April 4, 2016 - Avala Resources Ltd. ("Avala") (TSX VENTURE:AVZ) announces that it has closed a second tranche of US$250,000 of its private placement of up to US$1 million of senior secured convertible debentures to Dundee Precious Metals Inc. ("Dundee"). This second tranche of the debentures bears interest at the rate of 15% per annum and matures on May 26, 2016. Avala had closed an initial tranche of US$500,000 on January 26, 2016.

The convertible debentures issued under a debenture purchase agreement dated January 26, 2016 can be converted, at the option of Dundee, into common shares of Avala at any time up to 180 days after the maturity of the debentures at a conversion price equal to C$0.05 per common share. The debentures sold under the private placement are being issued in reliance upon a prospectus exemption. The debentures and the underlying securities, as applicable, will be subject to a statutory hold period of four months and one day from the dates of issuance, in accordance with applicable securities legislation.

As announced on February 12, 2016, Avala has entered into a definitive arrangement agreement with Dundee (TSX:DPM), the controlling shareholder of Avala, whereby Dundee proposes to acquire all of the issued and outstanding common shares of Avala that it does not already own by way of a plan of arrangement under the Business Corporations Act (British Columbia) (the "Arrangement"). Completion of the Arrangement is subject to the satisfaction of certain closing conditions customary in transactions of this nature, including the approval of the Supreme Court (British Columbia), and all required shareholder approvals. A special meeting of Avala shareholders is scheduled to be held on April 5, 2016.

About Avala Resources Ltd.:

Avala is a mineral exploration company focused on the exploration and development of gold and copper projects in Serbia including the Timok, Tulare and Lenovac projects. The common shares of Avala trade on the TSXV under the symbol 'AVZ'. Avala's issued and outstanding share capital totals 43,594,138 common shares, of which approximately 50.1% is held by Dundee.

Additional information about Avala is available on SEDAR (www.sedar.com) and on the website of Avala (www.avalaresources.com)

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.
David Fennell, Executive Chairman, Interim President and CEO
450.640.0810
info@avalaresources.com