

MiningWatchSEE, Serbia: Avala Resources agrees Earn-in and Joint Venture with Rio Tinto on Its Lenovac Project

Avala Resources Ltd. (the “Company” or “Avala”) is pleased to announce that it has granted an option to Rio Tinto Mining & Exploration Limited (“Rio Tinto”) to acquire up to 75% of its wholly-owned Lenovac exploration license (the “Lenovac Project”) by incurring US\$40 million in exploration expenditures.

Avala, its wholly owned Serbian subsidiary and Rio Tinto have entered into a binding earn-in and joint venture agreement (the “Agreement”) under which Rio Tinto has the right but not the obligation to earn up

to a 75% interest in the Lenovac Project by funding project expenditures of up to US\$40 million as follows:

if Rio Tinto incurs total project expenditures of US\$3 million by December 31, 2017, it will earn a 51% interest in the Lenovac Project; if Rio Tinto incurs additional project expenditures of US\$5 million by December 31, 2019, it will earn an additional 14% interest in the Lenovac Project, resulting in its total interest being 65%; and if Rio Tinto incurs additional project expenditures of US\$32 million prior to December 31, 2023, it will earn an additional 10% interest in the Lenovac Project, resulting in its total interest being 75%.

Rio Tinto has agreed to incur minimum project expenditure of US\$1 million by December 31, 2016 which is to be part of the Stage 1 earn-in project expenditure.

A management committee will be formed and comprised of two representatives from each of Rio Tinto and Avala. Avala Resources will be the Manager of the Lenovac Project until at least December 31, 2016. Rio Tinto will then have the right to assume the role of Manager.

“We are extremely pleased to partner with Rio Tinto to explore the potential of the Lenovac Project” said David Fennell, Executive Chairman of Avala. “The Company anticipates initiating a drill campaign early in 2016.”