

February, 2012

TSX.V: **AVZ**



# Avala Resources

“A New Gold Discovery in a Prolific and Proven Copper-Gold Mining District”



# Forward Looking Statements

## QUALIFIED PERSON

The technical information in this presentation has been reviewed by **Dr. Julian Barnes**, a qualified person as defined in NI 43-101. Dr. Barnes is a Director of and Special Consultant to Avala Resources.

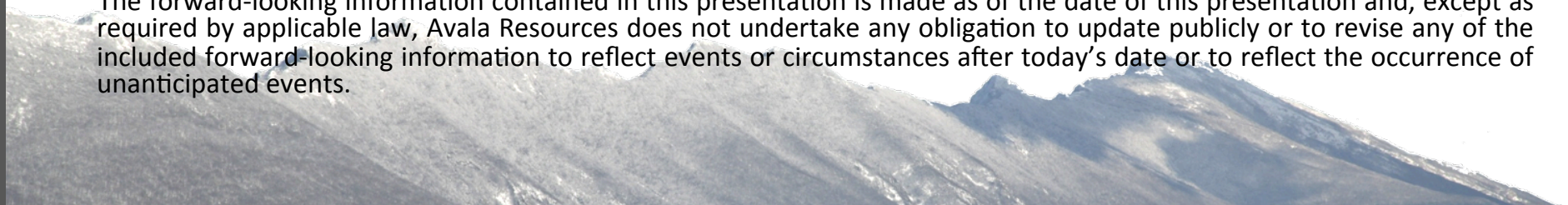
## DISCLAIMER

Certain statements made during this presentation, including, without limitation, those concerning the economic outlook for the resource exploration industry, expectations regarding metal prices, growth prospects and the outlook of Avala's operations, including the successful definition of mineral reserves on Avala's Serbian exploration projects, and its ability to raise the capital resources necessary to execute its business plan, constitute 'forward looking information' under applicable securities legislation. These types of statements are generally identified by words or expressions such as "may", "would", "could", "should", "anticipate", "believe", "intend", "expect", "plan", "estimate", "budget", "outlook", "target" or other terminology. By its very nature, forward-looking information requires Avala Resources to make assumptions that may not materialize or that may not be accurate and is subject to a variety of risks, both known and unknown. Although Avala Resources believes that the expectations reflected in the forward-looking information contained in this presentation are reasonable, no assurance can be given that these expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking information.

The business of Avala Resources is subject to considerable risks related to the fluctuation of metal prices, risks and dangers inherent in mining, competition with other mining companies, and doing business in Serbia.

The targets expressed throughout this presentation are based on Avala's assessment of the geological data currently available and are conceptual in nature. There has been insufficient exploration with respect to these targets to define any estimates of quantities. There is no guarantee that reserves under section 2.3 of NI 43-101 will be delineated through additional exploration.

The forward-looking information contained in this presentation is made as of the date of this presentation and, except as required by applicable law, Avala Resources does not undertake any obligation to update publicly or to revise any of the included forward-looking information to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events.



# Corporate Summary

- Avala Resources is a Canadian based company listed on the TSX Venture Exchange (TSX.V: AVZ).
- Avala is well-capitalized, with approximately **\$28.5 million** in its treasury at January 31, 2012.
- Progressing the **Timok Gold Project**, a new gold discovery in an emerging sediment-hosted gold belt located within a proven and prolific copper-gold mining district.
- Located in a mining friendly jurisdiction with excellent infrastructure and skilled workforce.
- An experienced, successful, exploration and development team.
- Well financed to deliver resource definition programs and commence mining studies.

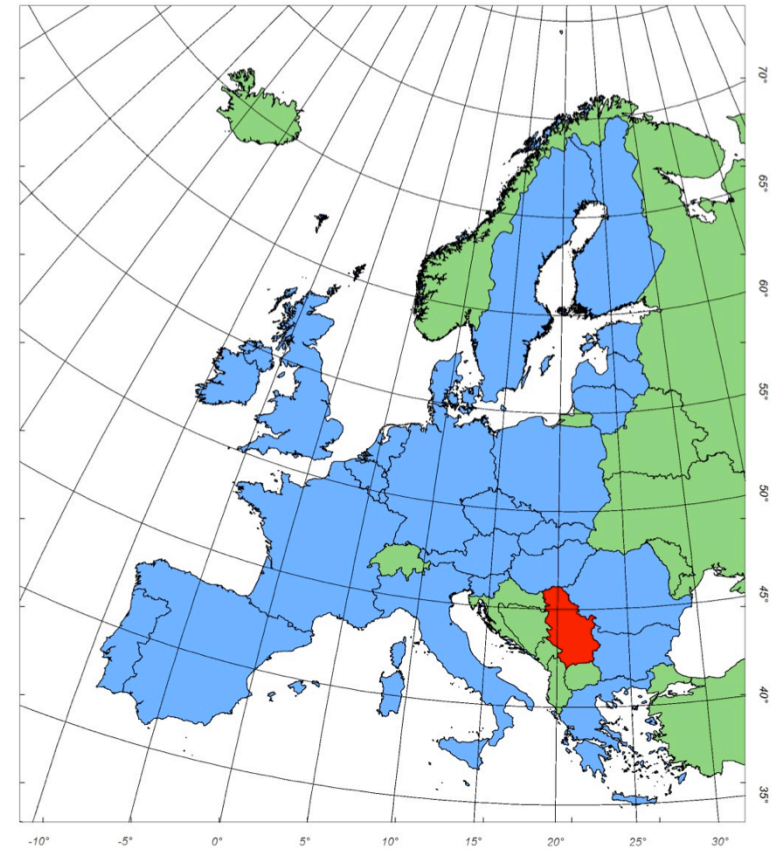
# Timok Gold Project: Objectives 2012

- **Resource Definition Drilling** – Currently Underway:
  - **Bigar Hill** (Completed December, 2011)
    - Initial Resource Estimate\*: **March/April, 2012**
  - **Korkan** (Commenced January, 2012)
    - Initial Resource Estimate\*: **June/July, 2012**
  - **Kraku Pestar** (Commenced February, 2012)
    - Initial Resource Estimate\*: **July/August, 2012**
  - Commence **Preliminary Economic Analysis** (PEA): **Q3, 2012**
  - Concomitant **Exploration** Drilling (District-Wide): **Throughout 2012**

***‘Establishing large areas of near-surface gold mineralization’***

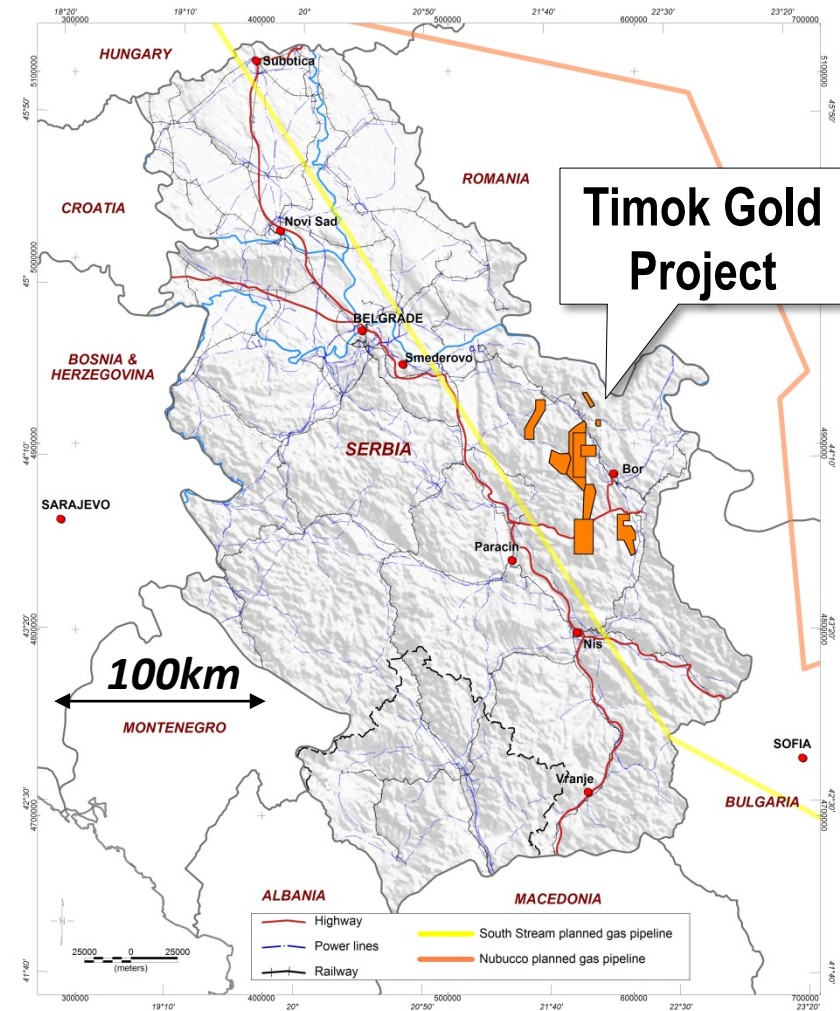
# Serbia: Present

- Government committed to stimulating and encouraging foreign investments within the Mining Industry. The stated aim:
  - *'...mining's contribution to increase from 2% of GDP to 5% by 2030 and employ 35,000.'*
- No restrictions on foreign ownership.
- **10% corporate tax rate and 5% NSR.**
- Up to 10 year tax holidays for projects with an investment greater than €7M and employing greater than 100 staff.
- The European Union has recommended Serbia for EU candidate status (October, 2011).
- Parliamentary electionsto be held on May 6<sup>th</sup>.



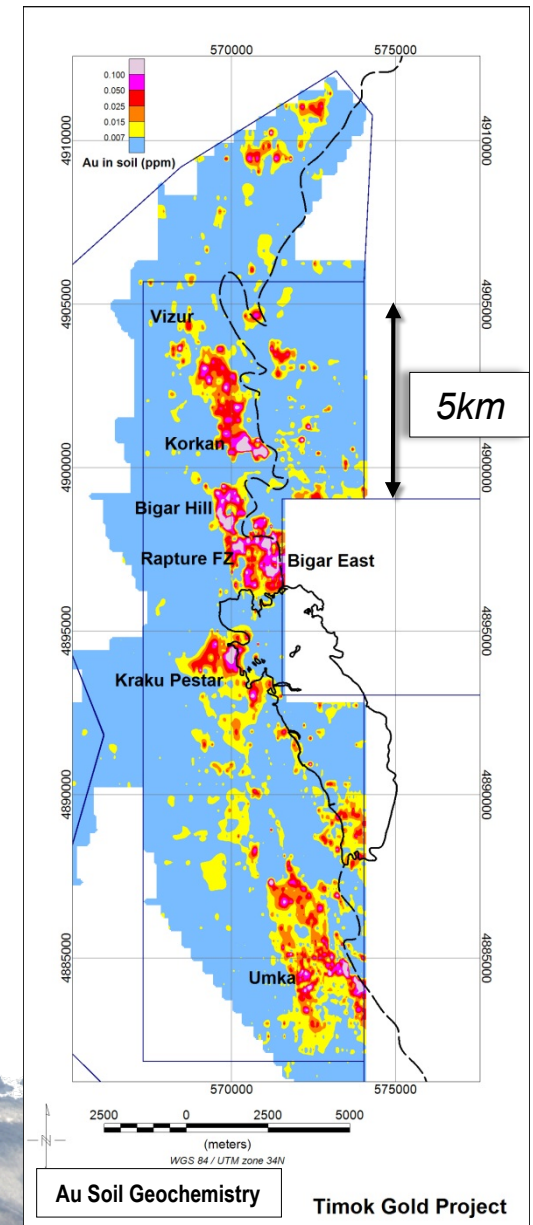
# Timok Gold Project: Location

- Largest exploration license holder in Serbia: **970 sq. km.**
- Located in an 'economically disadvantaged' region with strong local and national support for development projects.
- Well developed infrastructure (Bor-Majdanpek Mining Complex and European Transport Corridor 10); access to reticulated power (~7c/kWh).
- Clearly defined legislation covering exploration through development and mine closure; new Mining Law adopted in 2011.



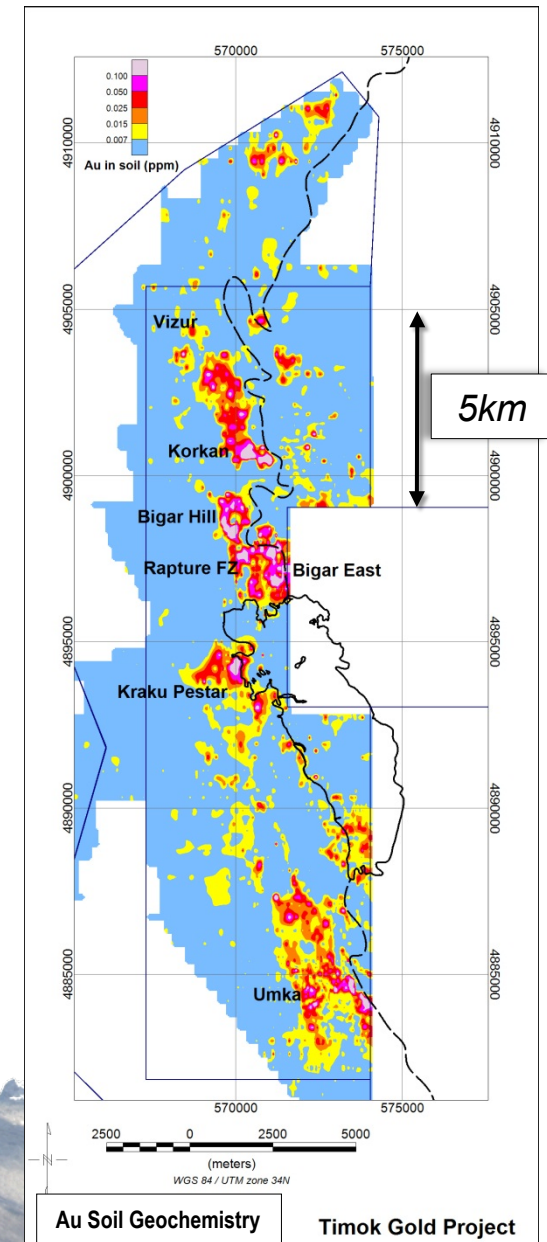
# Timok Gold Project: Discovery History

- The initial sediment-hosted gold exploration license was granted during 2006.
- Stream sediment sampling returned numerous, strongly anomalous gold-arsenic-antimony values during 2006.
- Soil sampling during 2007 highlighted a near-continuous 20 kilometer long, combined, **gold-arsenic-antimony-mercury-thallium** anomaly.
- Initial wide-spaced (nominal 800 meter centers) trenching commenced in late 2007 and throughout 2008 until October when exploration was suspended due to poor market conditions; **numerous, wide, gold intersections were returned over the entire trend.**
- Four drill holes drilled during 2009 confirm sediment-hosted style mineralization (Kraku Pestar & the Rapture Fault Zone).
- Avala re-commences exploration in **August, 2010.**



# Significant Trench Results Over 20km

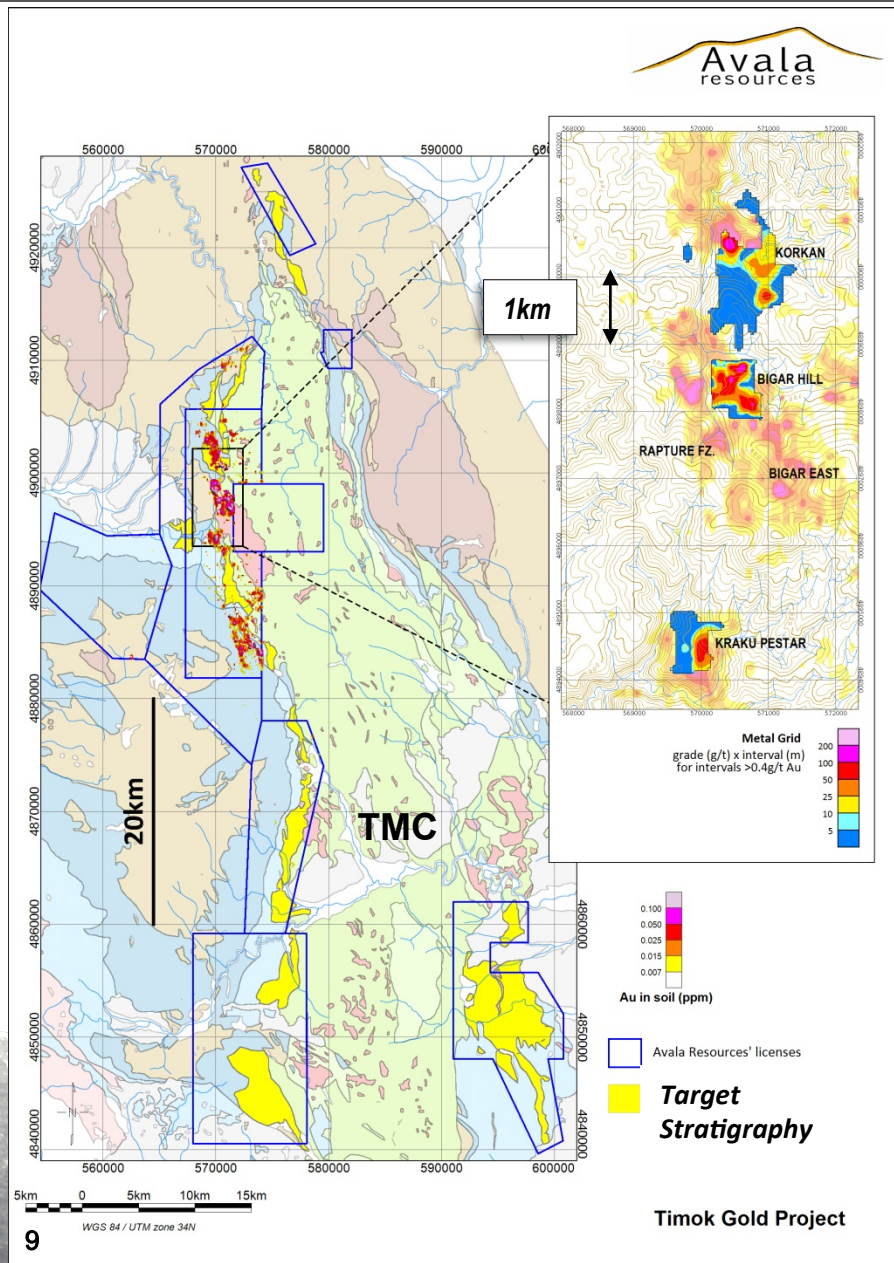
	0.4g/t cut-off*	0.1g/t cut-off*
<b>Korkan</b>		
KOTR033	140m @ 2.67g/t	174m @ 2.27g/t
JASTR009	59m @ 2.50g/t	205m @ 1.60g/t
JASTR009	58m @ 2.61g/t	
<b>Bigar</b>		
BITR064	148m @ 1.74g/t	164m @ 1.59g/t
BITR001	24m @ 1.02g/t	44m @ 0.63g/t
BITR002	12m @ 2.79g/t	58m @ 1.26g/t
BITR002	36m @ 1.07g/t	
BITR021	36m @ 3.68g/t	52m @ 2.64g/t
<b>Kraku Pestar</b>		
PETR002	18m @ 1.81g/t	18m @ 1.81g/t
PETR002	38m @ 2.58g/t	80m @ 1.35g/t
PETR033	26m @ 1.80g/t	52m @ 1.07g/t
PETR035	28m @ 2.56g/t	58m @ 1.57g/t
<b>Umka</b>		
PCTTR010	22m @ 1.08g/t	81m @ 0.54g/t
UMTR012	6m @ 1.23g/t	26m @ 0.39g/t



\*5m min. length, 5m max. internal dilution



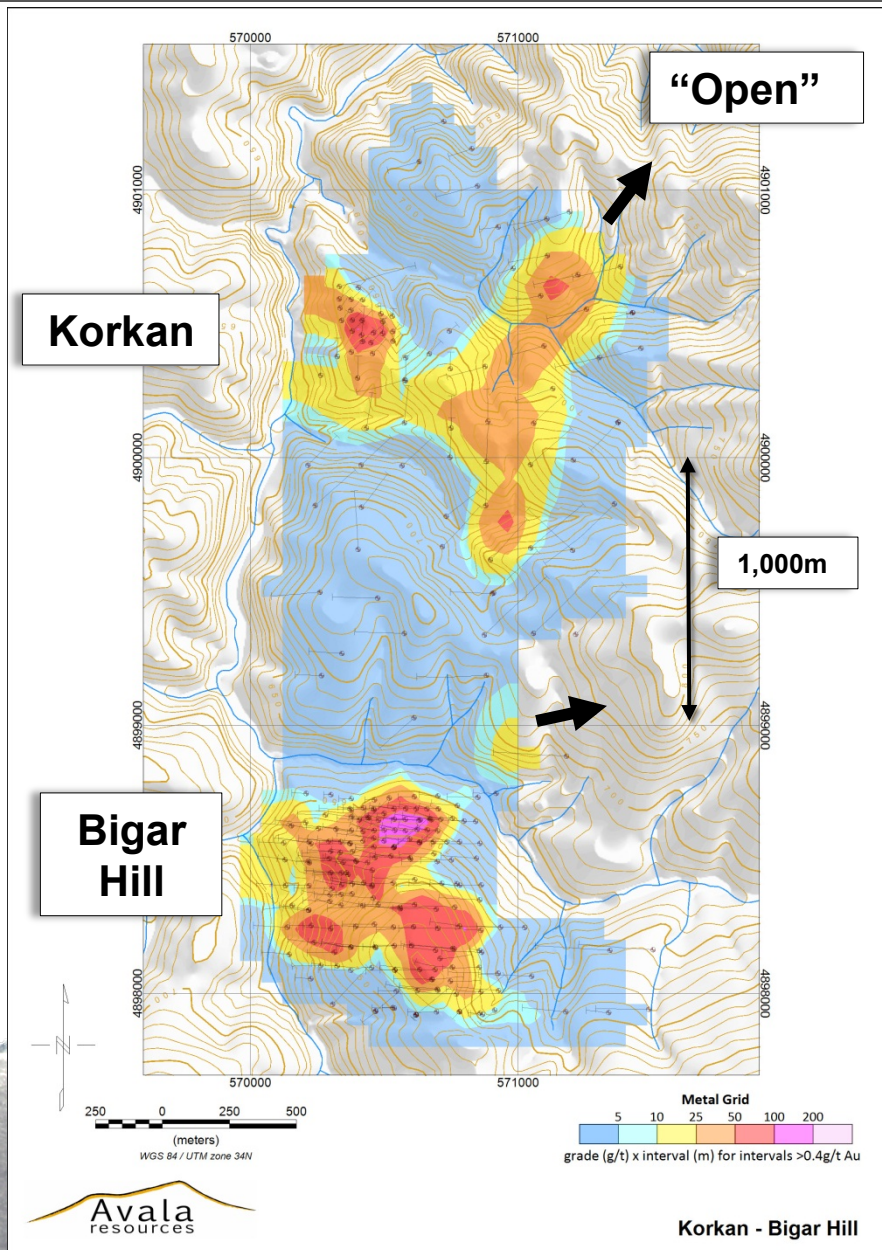
# An Emerging Sediment-Hosted Gold Belt



- Over **70 km** of the 'target stratigraphy' has been identified adjacent to the Timok Magmatic Complex (TMC).
- 2010-2011 exploration has generated an initial three target areas for resource definition drilling and multiple exploration targets within the currently identified 20 km long gold soil anomaly.
- Belt-wide soil and exploration trenching programs were completed during 2011 over large areas; results are pending.
- Avala controls 100% of this newly emerging belt.

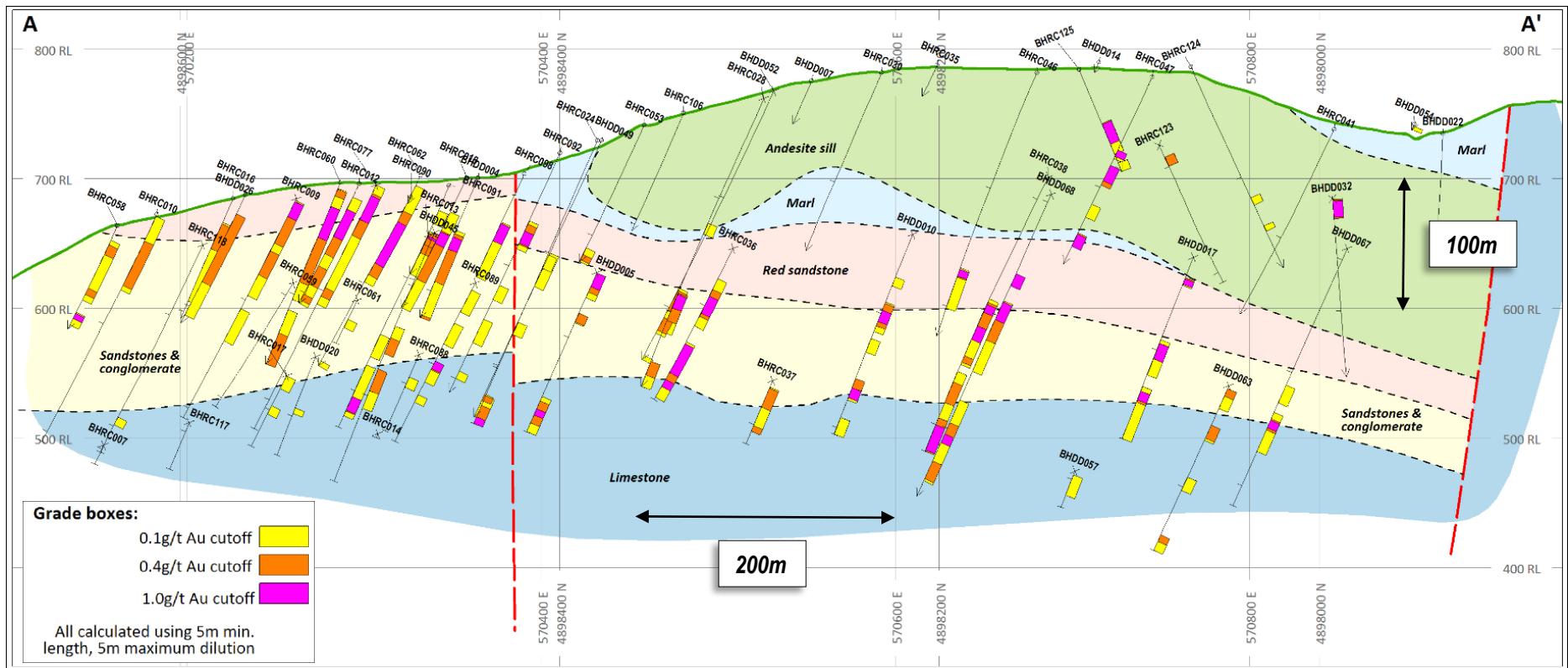


# Timok Gold Project: Bigar Hill & Korkan



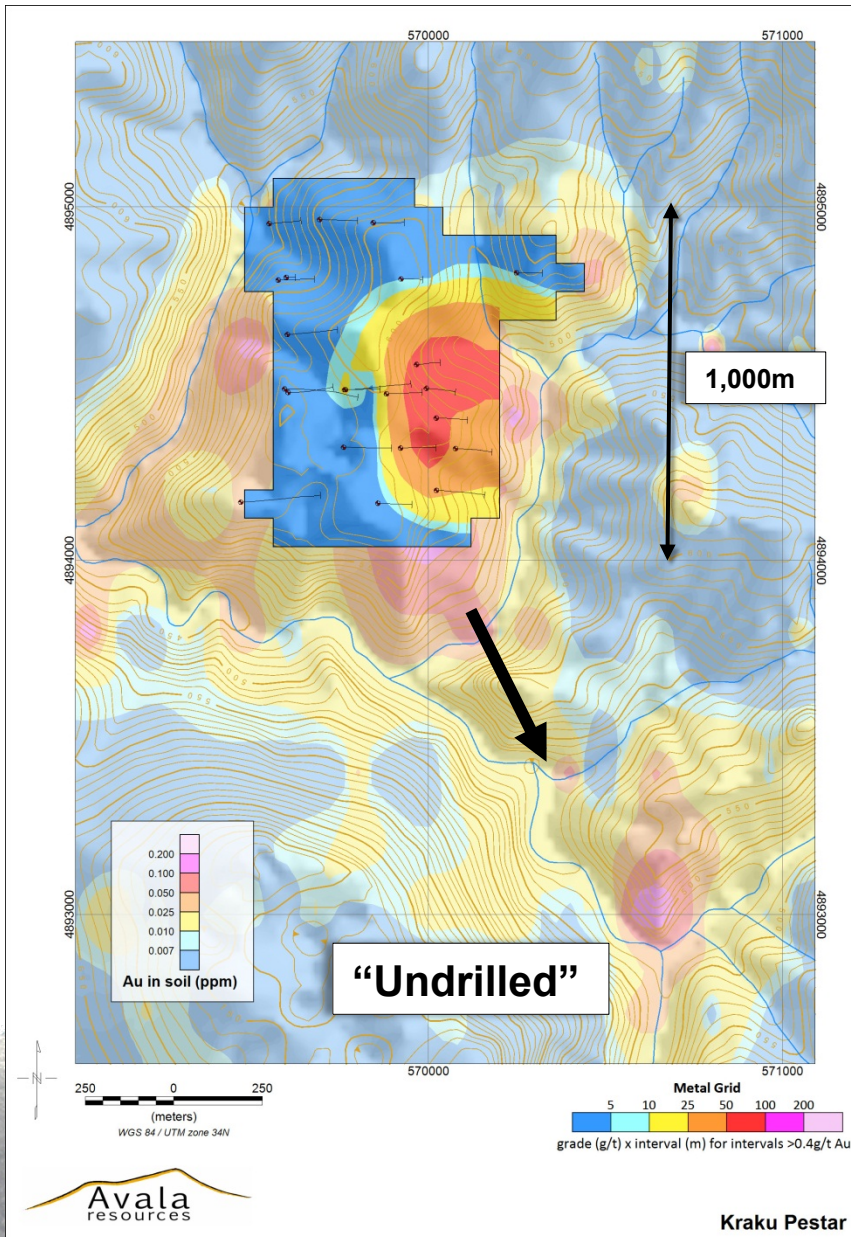
- Resource definition drilling **completed** on the **Bigar Hill** target area (44,000m); nominal 80m by 80m drill spacing with a subset of 40m by 40m.
- Resource definition drilling has **commenced** on the **Korkan** target area; nominal 80m by 80m drill spacing with a subset of 40m by 40m.
- Gram-meter total metal contour plot (intervals >0.4g/t Au x thickness).

# Timok Gold Project: Bigar Hill



Long-section through the Bigar Hill target area showing summary stratigraphy and gold mineralized drill intersections. The section is looking northeast.

# Timok Gold Project: Kraku Pestar



- Resource definition drilling set to **commence** on the **Kraku Pestar** target area; nominal 80m by 80m drill spacing with a subset of 40m by 40m.
- Initial wide-spaced (nominal 160m by 160m) exploration drilling set to recommence south from the area of resource definition drilling.
- Gram-meter total metal contour plot (intervals  $>0.4\text{g/t Au} \times \text{thickness}$ ) superimposed on gold soil geochemistry showing the Kraku Pestar target area remains demonstrably **'open'** to the south.

# Initial Exploration Approach

- Representative diamond drill hole intersections from the initial, wide-spaced 'footprint' (nominal 160 meter by 160 meter) drilling program.

## Bigar Hill Discovered Feb. 2011

Hole ID	From (m)	To (m)	Interval (m)	Au (g/t)	Gram-meters
BHDD005	133	159	<b>26</b>	<b>2.26</b>	59
BHDD007	227	242	<b>15</b>	<b>2.82</b>	42
BHDD011	118	147	<b>29</b>	<b>1.97</b>	57
BHDD016	29	66	<b>37</b>	<b>1.37</b>	51
BHDD017	136	142	<b>6</b>	<b>7.37</b>	44
BHDD017	194	208	<b>14</b>	<b>3.05</b>	43
BHDD020	6.2	39	<b>32.8</b>	<b>2.04</b>	67
BHDD021	165	178	<b>13</b>	<b>3.18</b>	41
BHDD029	68	105	<b>37</b>	<b>4.05</b>	150
BHDD034	126	176	<b>60</b>	<b>2.08</b>	125

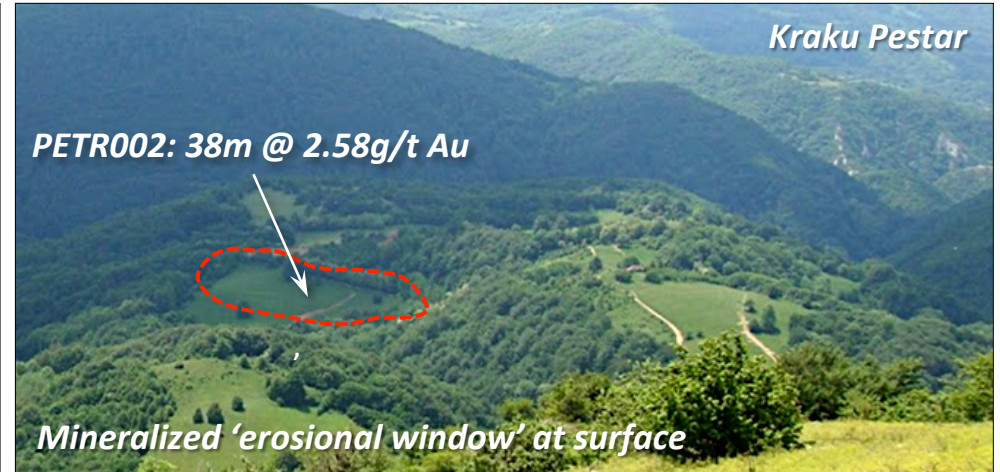
## Korkan Discovered Nov. 2010

Hole ID	From (m)	To (m)	Interval (m)	Au (g/t)	Gram-meters
KODD001	17	69	<b>52</b>	<b>4.30</b>	224
KODD002	132	152	<b>20</b>	<b>2.63</b>	53
KODD007	233	271	<b>38</b>	<b>1.09</b>	41
KODD009	34	55	<b>21</b>	<b>1.68</b>	35
KODD009	63	87	<b>24</b>	<b>1.56</b>	37
KODD016	20.2	37	<b>16.8</b>	<b>2.07</b>	35
KODD044	259	273	<b>14</b>	<b>5.44</b>	76
KODD058	210	222	<b>12</b>	<b>5.43</b>	65
KODD060	24	75	<b>51</b>	<b>0.88</b>	45

## Kraku Pestar Discovered Aug. 2009

Hole ID	From (m)	To (m)	Interval (m)	Au (g/t)	Gram-meters
PEDD001	2.5	86	<b>83.5</b>	<b>1.28</b>	107
PEDD002	144	193	<b>49</b>	<b>1.23</b>	60
PEDD004	2	37	<b>35</b>	<b>2.08</b>	73
PEDD008	21.8	33.4	<b>11.6</b>	<b>1.73</b>	20
PEDD008	88	102	<b>14</b>	<b>1.44</b>	20
PEDD010	51	117	<b>66</b>	<b>1.05</b>	69

# Timok Gold Project: Principal Target Areas



# Summary Diamond Drilling Statistics

- Weighted averages of uncut grade and down hole intersection thickness per hole have been determined for the **160 meter by 160 meter** spaced diamond drilling to date, based on the 5 meter minimum thickness and 5 meter maximum included waste and a range of gold cut off grades. Very encouraging mean grades and thicknesses have been returned:

Target Area	0.4g/t Au Cut Off				0.8g/t Au Cut Off				1.0 g/t Au Cut Off			
	No. of Holes	Weighted Average Grade (Au g/t)	Weighted Average Grade (S %)	Weighted Intersection Thickness Per Hole (meters)	No. of Holes	Weighted Average Grade (Au g/t)	Weighted Average Grade (S %)	Weighted Intersection Thickness Per Hole (meters)	No. of Holes	Weighted Average Grade (Au g/t)	Weighted Average Grade (S %)	Weighted Intersection Thickness Per Hole (meters)
BIGAR HILL	23	<b>1.53</b>	1.38	<b>32</b>	18	<b>2.11</b>	1.55	<b>26</b>	17	<b>2.40</b>	1.58	<b>22</b>
KORKAN	24	<b>1.49</b>	1.18	<b>24</b>	13	<b>2.61</b>	1.38	<b>17</b>	13	<b>2.81</b>	1.58	<b>18</b>
KRAKU PESTAR	10	<b>1.16</b>	3.51	<b>39</b>	8	<b>1.87</b>	4.19	<b>22</b>	6	<b>2.30</b>	4.10	<b>21</b>

(Note: Down hole intersections do not necessarily represent true thicknesses)

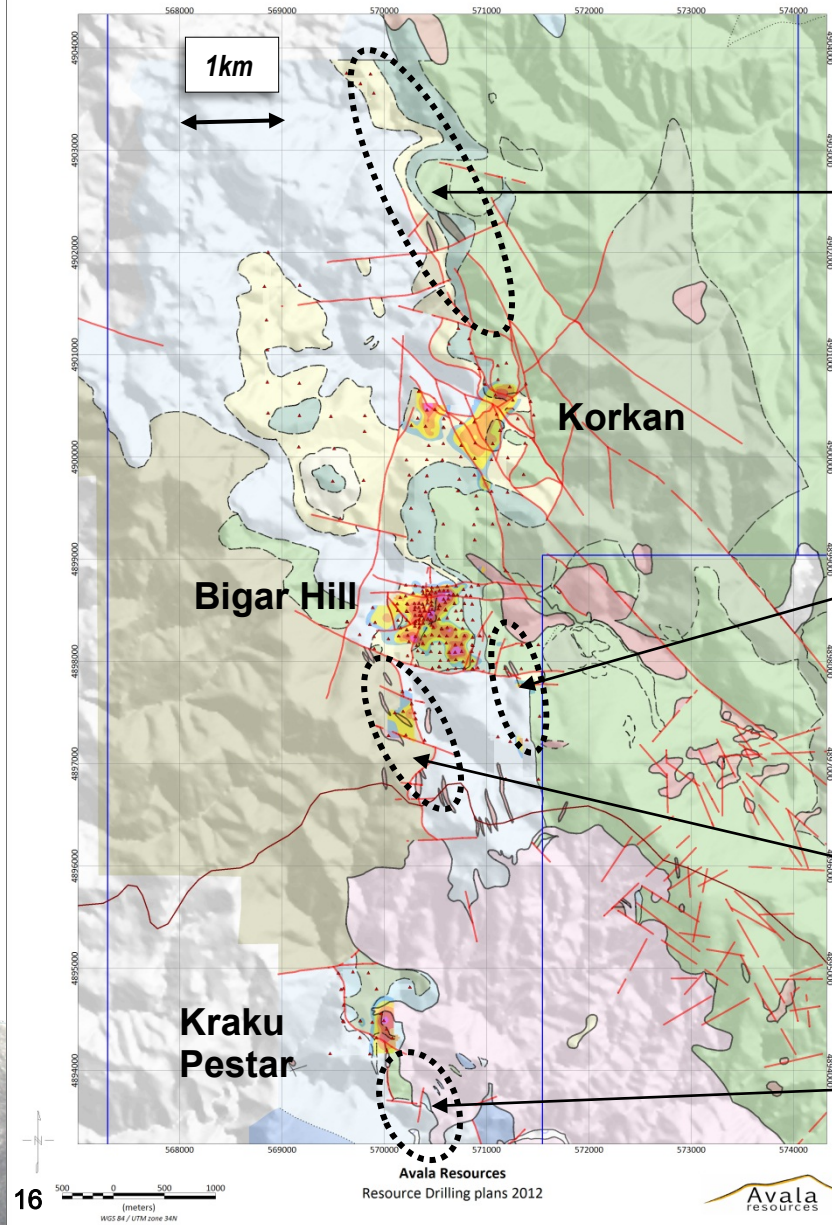
- Bulk density data is also routinely collected from diamond drill core as part of the standard set of procedures employed by Avala. Density data from the three target areas return very similar average bulk densities at **2.62 tonnes per cubic meter**:

Target Area	0.1g/t Au Cut Off		0.4g/t Au Cut Off	
	Average Bulk Density (t/cm)	Number of Measurements	Average Bulk Density (t/cm)	Number of Measurements
BIGAR HILL	2.62	372	2.60	166
KORKAN	2.63	148	2.62	52
KRAKU PESTAR	2.63	95	2.59	30
<b>Average/Total</b>	<b>2.63</b>	<b>615</b>	<b>2.60</b>	<b>248</b>

(Note: Densities determined using the wax coating immersion method by SGS Bor)  
Total Number of Bulk Densities: **8,135**

# Timok Gold Project: Exploration Target Areas

***'Within the Development Corridor'***



**Korkan - Vizur Trend**

**Bigar Hill East**

**23m @ 2.46g/t Au** (from 233m)  
**15.2m @ 3.01g/t Au** (from 118.8m)  
**8m @ 1.76g/t Au** (from 72m)

**Rapture Fault Zone**

**17.6m @ 1.17g/t Au** (from 109.4m)  
**25.3m @ 0.43g/t Au** (from 6.7m)

**Kraku Pestar South**

0.4g/t Au cutoff, 5m min. length, 5m max. internal dilution



# Timok Gold Project: Preliminary Metallurgy

- **Encouraging CIL responses were received from initial Diagnostic Leach Test work<sup>1</sup> :**
  - 52% of fresh sulfide material is CIL leachable at P<sub>80</sub> 75 microns.
  - 84% of oxide material is CIL leachable at P<sub>80</sub> 75 microns (up to 95% (Bigar Hill)).
  - In general, finer grinding resulted in additional gold extraction via leaching.
- The majority of gold is associated with sulfide (pyrite); average pyrite grain size is 17 microns indicating fine grinding will be required for liberation.
- Consensus suggests that **flotation is the most appropriate pre-concentration method** and test work continues to develop this objective.
  - Initial flotation<sup>2</sup> recoveries on sulfide material range from 77 – 86%.
- Gold extraction improves significantly following the roasting and/or oxidation of the material.

<sup>1</sup> Initial results are based on ten representative samples from Bigar Hill, Korkan and Krakus Pestar target areas (test work undertaken by Resource Development Inc. Colorado).

<sup>2</sup> Initial results are based on samples from Bigar Hill, Korkan and Krakus Pestar (test work undertaken by SGS Cornwall).

# Timok Gold Project: Objectives 2012

- **Sediment-Hosted Gold Belt**

- Effectively assess the belt and advance **multiple** target areas to the resource definition stage.

- **Aim**

- **Deliver Initial Mineral Resource Estimates\* – Q2/Q3, 2012**

- Expand mineral resource estimate – H2, 2012
- Continued infill drilling - H2, 2012

- **Initiate Mining Studies on Timok Gold Project**

- Continue detailed metallurgical sampling and test work – H1, 2012
- Deliver Preliminary Economic Assessment – H2, 2012

- **Continue to Develop the Project Pipeline**

- ‘Footprint’ drilling (160m x 160m) of new target areas – All 2012

***‘Over 180,000 drill meters planned for \$25M’***

# Avala Resources Ltd. (TSX.V: AVZ)



## February 17, 2012

12 Month High: \$1.48  
12 Month Low: \$0.93  
Avg. Daily Vol. (3m): 20,000

## February 17, 2012

Closing: \$1.15  
Shares o/s: 214, 492,223  
Diluted shares o/s: 281,398,307  
Market Cap.: \$246,666,056

Dundee Precious Metals Inc. (TSX: DPM) holds approximately 51.4% of the issued and outstanding common shares of Avala.

## Avala Resources: Conclusion

- High quality exploration assets with early success.
- Significant exploration upside in district scale plays.
- Sufficient finance to deliver resource definition programs and commence mining studies.
- Experienced exploration team; operating for 8 years in Serbia.
- Excellent development environment.