Avnel Gold Mining Ltd. - Kalana Project Update

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Drilling at Kalana I North indicates a gold mineralized zone extending from surface to a depth of 220m over an area of about 250m by 300m that demonstrates the potential for bulk mining.

The diamond drill and RC assay results continue to demonstrate the potential for an open pit in the Kalana 1 South domain, running east-west over 300m and with a strike of at least 300m to a depth of 100m.

Results from diamond and RC drilling at Kalana II domain confirm the existence of an extensive mineralised zone down to 100m below surface over a surface area of 300m by 400m.

Encouraging drill results from Kalanako

ST. PETER PORT, May 26, 2011 - Avnel Gold Mining Limited (TSX: AVK) ("Avnel") is pleased to provide a project update for the work programme on its 80% owned 387.4 km2 Kalana exploitation permit in Mali conducted by its joint venture partner IAMGOLD Corporation ("IAMGOLD") as operator of the exploration venture. The Option Agreement dated August 11, 2009 provides IAMGOLD with the option to earn an initial 51% interest in Avnel's share of the Kalana project by spending a minimum US$11,000,000 on exploration activities over a three year period and by delivering a NI-43-101 resource estimate of at least 2 million ounces of gold as well as proceeding with a feasibility study.

PROJECT MILESTONES ACHIEVED

- Between January and April 2011, 11,592 metres of diamond drilling was completed at the Kalana Mine using two diamond drill rigs. The 2011 work program aims to complete 34,500 metres of drilling with a total budget of $8 million

- In 2010, 13,164 metres of diamond drilling and 28,347 metres of reverse circulation drilling were completed at Kalana, Kalanako and Dabaran. All assay results, including re-assays from the first campaign between February and July 2010, have been received.

- Expenditure in 2009 and 2010 totalled $6.4 million. By end 2011 IAMGOLD plans to have expended approximately $14.4 million, higher than the minimum $11 million required to be spent by August 2012 in terms of the Option Agreement.

- Termite mound sampling on the 387sq.km Kalana permit has been completed. During 2010 approximately 21,000 samples were collected and assay results have been received. During 2011 approximately 4,000 additional samples were collected at priority targets and assay results are expected during the second quarter.

- The main objective is to complete lines of drill holes spaced 50m apart across the Kalana 1 North domain and Kalana 1 South Domain to enable geological cross sections to be generated and a resource study to be completed during 2012. Two diamond drill rigs are working, and a reverse circulation drill rig has been mobilised to site

The results in this release should be read in conjunction with Figures 1‐5 as well as Table 1 (assay results) and Table 2 (drill collar coordinates) posted on Avnel's website www.avnelgold.com. All results are

expressed in g/t Au.

Highlights

During 2010 and 2011 diamond drilling and RC drilling has shown the potential for bulk mining at Kalana. IAMGOLD has made significant progress in constructing a detailed and predictive geologic model on the Kalana project. The Kalana Project is described below in three domains, namely Kalana 1 North, Kalana 1 South and Kalana II. These three domains are contiguous, located within the total Kalana project and can be considered as one potential mine (see Figure 1).

Mineralised packages up to 18 metres width have been confirmed by drilling and underground development in the northern area of the Kalana Mine (Kalana I North). Recent assay results from the 4(th) quarter diamond drill program shows extensive mineralised packages extending 250 metres north of No 2 shaft to a depth of 250m below surface (see Figure 2).

North of the existing underground workings, vertical and flat dipping quartz veins have been intersected between surface and 100m elevation that may provide early access to bulk mineable material within the saprolite zone. The results of RC drilling confirm the possibility of these vein packages being an important source of gold mineralisation for an open pit. A new mineralised package of steep, thin, closely spaced veins has been exposed by diamond drilling and underground development between 100m and 250m elevations. Assay results show that this mineralised package has several zones of elevated gold grades, generally associated with flat dipping quartz vein structures that crosscut the package.

The diamond drill and RC assay results continue to demonstrate the potential for an open pit in the Kalana 1 South domain, running east-west over 300m and with a strike of at least 300m (see Figure 3). During 2011 infill diamond drilling will increase the density of drill data in preparation for a mineral resource estimate.

Initial results from diamond and RC drill holes at Kalana II, east of the existing mine, are providing a better understanding of the potential mineralisation than previously interpreted. Assay results from the 2010 diamond and RC drilling at Kalana II have been received and show the excellent potential for mineralised packages that may lead to a significant increase in the existing Mineral Resources at Kalana II (see Figure 4).

Assay results from the 2010 RC drill holes at Kalanako, a satellite prospect located 3 kilometres north east of Kalana, are encouraging. The results indicate that at least two mineralised zones exist, striking north-west as indicated by a geochemical anomaly, artisanal workings and an interpretation of geophysical features (see Figure 5).

Results to March 30, 2011

Avnel issued press releases on January 31, 2011 and February 22, 2011 and this update should be referenced to those documents. The results reported below are from the diamond drill program completed in the fourth quarter 2010 and the remaining RC drill program completed between May and December 2010.

The Kalana mine area is geologically defined by three structural domains based on the dip and strike of the quartz veins. These domains are known as Kalana I North, Kalana I South and Kalana II, the latter located east of the current mine operations (See Figure 1). Within these domains, the predominant strike and direction of quartz vein packages are shown. In Kalana I North veins are dipping predominately south. This is repeated in the Kalana II domain. In the Kalana I South domain the predominant dip direction is easterly.

The results in this release should be read in conjunction with Figures 1-5 as well as Table 1 (assay results) and Table 2 (drill collar coordinates) posted on Avnel's website www.avnelgold.com. All results are expressed in g/t Au.

KALANA I NORTH

The results from diamond drill holes were reported in the January 31, 2011 press release. In summary the drilling confirmed the potential for:

- a 10m to 20m wide mineralised package known as Vein17 over a strike length of 120m to 250m

- the extension of mineralisation to the west of the known mineralisation for Kalana I North and the potential for both flat dipping and steep dipping mineralised packages between surface and the 180m level

- extensions of flat dipping quartz veins to surface north of the existing mine was confirmed by diamond drilling program, along with steep dipping quartz vein structures

Diamond Drilling Results for Kalana I North

Assay results have been received for DD043, DD044 (depth only 30m), DD044A and DD045, that were drilled in the fourth quarter 2010. These 3 holes are located on a drill line from north to south and the drill collars are 100m apart (see Figure 2). This drill line includes DD039 that was drilled in mid 2010. Drilling from south to north will test the continuity of the predominantly southerly dipping mineralisation characteristic of the Kalana I North domain.

- DD043 was drilled from south to north to a hole depth of 302m at an inclination of sixty degrees. DD043 better intersections include 8m at 1.8g/t from 6m, 3m at 1.48g/t from 26m, 3m at 3.32g/t from 70m, 1m at 3.44g/t from 95m, 1m at 3.42g/t from 111m, 1m at 6.71 from 177m, 3m at 5.26g/t from 203m, 4m at 1.63g/t from 210m, 3m at 4.51g/t from 224m and 2m at 7.5g/t from 274m. Over 250m hole length from surface the total composite was 64m at 1.8g/t.

- DD044A was drilled from south to north to a hole depth of 374m at an inclination of sixty degrees. DD044 better intersections include 16m at 2.24g/t from 18m, 3m at 5.09g/t from 59m, 20m at 2.12g/t from 120m, 3m at 2.7g/t from 148m, 4m at 1.4g/t from 222m, 1m at 17.3g/t from 254m, 4m at 2.02g/t from 268m and 4m at 1.89g/t from 311m. Over a 250m hole length from surface the total composite was 86m at 1.8g/t.

- DD045 was drilled from south to north to a hole depth of 410m at an inclination of sixty degrees. DD045 was collared in the main diorite and intersected the meta-sediment contact at 100m hole depth. DD045 better intersections include 1m at 3.14 from 26m, 15m at 2.26g/t from 97m, 1m at 3.39g/t from 121m, 3m at 1.94g/t from 142m, 4m at 1.38g/t from 227m and 18m at 1.7g/t from 245m. Over a hole length of 165m from 100m (exclude diorite) the total composite was 45m at 2.0g/t

Assay results from these four diamond drill holes reported above show that a mineralised zone extending 250m north of No 2 Shaft has significant mineralised packages potentially suitable for bulk mining

RC Drilling Results for Kalana I North

All assay results for the 12 RC holes drilled in Kalana I North have been received.

- An east-west drill line of four RC holes (RC-KA046, 047, 048 and 096) was completed along the same east-west line as DD033 to DD038. Results from RC048 and RC96 were reported on February 22, 2011. RC046 intersected 1m at 2.16g/t from 62m. RC047 intersected 4m at 0.96g/t from 19m and 8m at 3.94g/t from 58m (see Figure 2).

- A second east west line of six RC holes (RC040 to RC045) was completed. RC040 intersected 1m at 1.45g/t from 74m. RC041 intersected three 1m mineralised zones at less than 1.0g/t. RC042 intersected 3m at 1.68g/t from 38m, 1m at 2.71g/t from 63m and 1m at 0.84g/t from 82m. RC043 intersected 6m at 0.46g/t from 8m and 1m at 4.57g/t from 29m. RC044 intersected 9m at 1.26g/t from 15m, 2m at 0.81g/t from 33m, 10m at 0.78g/t from 51m and 7m at 0.94g/t from 75m. RC045 intersected 7m at 1.42g/t from 6m, 6m at 2.12g/t from 24m and 9m at 2.18g/t from 91m.

Further RC drilling in 2011 from south to north will test the continuity of the predominantly southerly dipping mineralisation characteristic of the Kalana I North domain.

KALANA I SOUTH

The diamond drill and RC assay results continue to demonstrate the potential for a bulk mineable resource in the Kalana 1 South domain, running east-west over 300m and with a strike of at least 300m to a depth of 100m.

Diamond Drilling Results for Kalana I South

Diamond drill holes DD040, DD041 and DD042 were drilled in the fourth quarter 2010 and assay results have been received (see Figure 3).

- DD040 was drilled from south to north at an inclination of 65 degrees to a hole depth of 371m. The hole was collared east of No 1 Shaft and was targeting potential mineralisation outside the known mineral resources below 200m level (in the Kalana 1 North domain). DD040 intersected 5m at 16.46g/t from 52m (Vein 3), 2m at 2.47g/t (Vein 10), 2m at 2.55g/t from 126m, 2m at 1.95g/t from 167m and 2m at 2.26g/t from 195m.

- DD041 was drilled from east to west at an inclination of 65 degrees to a hole depth of 718m. The objective was to crosscut the predominantly west-east plunging quartz packages. DD041 intersected 4m at 5.65g/t from 100m and 6m at 3.46g/t from 371m. Below 400m level 12 quartz veins were intersected, generally at less than 1m thickness. At 693m hole depth, an 8m composite interval grading 2.16g/t was intersected.

- DD042 was drilled from east to west at an inclination of 65 degrees to a hole depth of 329m. The objective was to crosscut the predominantly easterly dipping quartz vein packages. The hole was collared south of the main intrusion and passed through Vein 1 excavations. DD042 intersected 3m at 1.2g/t from 15m, 4m at 10.51g/t from 20m (vein 3), 6m at 2.10g/t from 29m, 7m at 2.27g/t from 112m (Vein 1), 3m at 1.48g/t from 185m and 13m at 2.65g/t from 190 (Vein 20 South). Two quartz veins at 1m thickness were intersected between 239m and 247m. No mineralised zones were intersected between 250m and 329m.

RC Drilling Results for Kalana I South

18 RC drill holes were completed during 2010 and assay results have been received for all drill holes. The

extension of shallow dipping, mineralised packages to the east towards Kalana II domain were intersected, showing the potential for an open pit extending east-west over a dip distance of approximately 300m and a strike distance of approximately 300m.

-- An east-west drill line of 10 RC holes (RC032 to RC039; RC082 to RC083) was completed during 2010. The holes were drilled from east to west dipping at an inclination of 55 degrees with a drill hole length of 100m. Drill collars were spaced at 50m. Results from RC035 to RC039 are reported below (see Figure 3).

-- RC035 intersected 1m at 1.56g/t from 6m and 8m at 1.21g/t from 16m. RC036 intersected 3m at 9.92g/t from 68m. RC037 intersected 2m at 1.24g/t from 31m, 3m at 4.22g/t from 53m and 9m at 0.84g/t from 87m. RC038 intersected 4m at 1.03g/t from 75m and 3m at 6.05g/t from 95m. RC039 intersected 2m at 1.16g/t from 16m, 4m at 1.89g/t from 76m and 2m at 3.86g/t from 84m. These holes show the extensions of Veins 1, 2, 3, 4 and 10 dipping to the east.

KALANA II

The results confirm the existence of an extensive mineralised zone to a depth of 100m below surface over a surface area of 300m by 400m. Additional drilling will enable the mineralisation to be modelled. RC drill holes in the second drilling campaign have increased the density of drill data over Kalana II and two lines were added to test possible extensions to the east and north.

RC Drilling Results for Kalana II

Approximately 6000 metres of RC drilling was completed between May and December 2010. All of the RC assay results have been received from that campaign within the Kalana II structural domain. A surface area of 300m by 400m was drilled with four north-south lines spaced 100m apart with drill collars at 50m spacing. Holes were drilled to 100m hole length at an inclination of 55 degrees. One drill line of 5 RC holes was drilled east-west to 100m hole length at an inclination of 55 degrees. Based on the observations of visible gold and early assay results, additional holes (RC092 to RC094, RC098 to RC102, RC104 to RC111) were drilled to expand information to the north and east. Assay results show there is potential to expand the mineralisation east and north (see Figure 4).

Better results include the following (new results highlighted):

-- RC057 intersected 16m at 9.88g/t from 39m. RC058 intersected 8m at 1.39g/t from 54m.
-- RC063 intersected 2m at 3.76g/t from 15m. RC064 intersected 3m at 2.41g/t from 20m and 8m at 3.66g/t from 60m.
-- RC066 intersected 9m at 2.05g/t from 11m. RC067 intersected 2m at 8.54g/t from 40m
-- RC070 intersected 10m at 2.06g/t from 66m. RC071 intersected 5m at 1.74g/t from 26m. RC073 intersected 6m at 1.01g/t from 46m and 16m at 4.78g/t from 110m. RC075 intersected 11m at 1.97g/t from 85m.
-- RC079 intersected 4m at 1.15g/t from 25m. RC080 intersected 9m at 1.81g/t from 74m. RC081 intersected 2m at 1.75g/t from 16m and 4m at 10.2g/t from 57m.
-- RC092 intersected 1m at 4.51g/t from 14m and 6m at 1.38g/t from 89m. RC093 intersected 3m at 17.2g/t from 71m. RC094 intersected 2m at 6.46g/t from 54m. All of these holes were drilled from east to west.
-- RC010 intersected 2m at 2.0g/t from surface and 6m at 2.28g/t from 18m. RC011 intersected 3m at 1.12g/t from 1m, 3m at 0.94g/t at 22m, 3m at 1.73g/t from 77m and 3m at 1.62g/t from 84m. RC012 intersected 4m at 5.99g/t from 31m, 1m at 1.55g/t from 65m and 7m at 1.36g/t from 86m. RC013 intersected 3m at 0.63g/t from 24m and 9m at 1.04g/t from 51m and 2m at 0.95g/t from 83m. RC014 intersected 4m at 2.83g/t from 69m. All of these holes were drilled from east to west.
-- RC098 to RC0103 extended the drill line (RC010-RC014) to the east. RC098 intersected 1m at 2.56g/t from 9m, 2m at 2.15g/t from 60m and 1m at 2.39g/t from 84m. RC099 intersected 3m at 0.98g/t from 72m. RC102 intersected 1m at 7.55g/t from 82m and 1m at 8.33g/t from 105m. RC103 intersected 1m at 2.63g/t from 23m, 3m at 0.81g/t from 31m, 1m at 17.5g/t from 91 and 1m at 4.83g/t from 127m.
-- RC104 to RC111 were drilled to test the northern extension of the mineralisation. Holes RC104-107 and RC111 were drilled from east to west at an inclination of 55 degrees. RC105 intersected 4m at 2.04g/t from 123m. RC106 intersected 1m at 41.8g/t from 21m and 3m at 1.24g/t from 94m. RC107 intersected 3m at 6.76g/t from 56m. Holes RC108 to RC110 were drilled from south to north at an inclination of 55 degrees. RC108 intersected 1m at 1.2g/t from 14m. RC109 intersected 5m at 4.48g/t from 78m. RC110 intersected 8m at 0.76g/t from 62m.

KALANAKO

During 2010 138 RC drill holes were completed at Kalanako. A total of 14,460m were drilled. Holes were drilled to an average of 105m hole length at an inclination of 55 degrees. Hole collars were spaced 50m apart. Assay results have been received for 138 holes.

Two mineralised trends, extending over 500m and over 250m respectively, have been detecteded from the drill assay results. The zones remain open at depth (see Figure 5).

North-western Area

Results from the north-western area display a northwest strike with 10m to 15m true thickness. The dip of the mineralised structure appears to be steep (80 to 85 degrees) and consistent with the orientation of the mineralized assay composite intervals. This mineralised structure was identified over a strike of 250m as reported in February 22, 2011 press release.

The mineralised zone was extended 100m to the north where RC115, RC 116 and RC117 were drilled. RC115 intersected 1m at 2.01g/t from 3m. RC116 intersected 5m at 0.77g/t from 43m and 8m at 1.13g/t from 59m. RC117 intersected 1m at 0.81g/t from 6m and 4m at 2.45g/t from 11m.

The mineralised structure has now been identified over a 500m strike.

South-eastern area

The first drill line started from the east targeting a zone of northwest striking artisanal workings. Good results were reported from 3 holes over a distance of 200m. RC003 intersected 8m at 1.37g/t from 92m. RC004 intersected 3m at 1.18g/t from 13m, 8m at 3.72g/t from 29m and 6m at 1.97g/t from 49m. RC007 intersected 19m at 1.83g/t from 63m. RC083 was drilled between RC003 and RC004 and returned intersections of 8m at 0.94g/t from 72m. RC084 was then drilled from west to east at 55 degrees and intersected 1m at 1.22g/t from 19m.

Another drill line 100m south from holes RC003 to RC007 intersected gold mineralisation in holes RC095 to RC098 and RC130. RC095 intersected 7m at 0.62g/t from 92m and 4m at 0.76g/t from 104m. RC096 intersected 15m at 0.59g/t from 19m. RC097 intersected 2m at 1.86g/t from 43m and 1m at 2.05g/t from 63m. RC098 intersected 1m at 11.8g/t from 3m. RC130 (drilled between RC095 and RC096) intersected 17m at 2.54g/t from 54m and 6m at 0.46g/t from 91m. RC102 was drilled beneath an artisanal working and intersected 8m at 1.40g/t from 69m.

Another line 200m south from the above drill line also generated gold intersections along a northwest trending mineralised corridor. RC106 intersected 3m at 1.08g/t from 8m, 1m at 1.56g/t from 51m, 4m at 0.63 g/t from 61m and 10m at 0.56g/t from 69m. RC107 intersected 5m at 0.99g/t from 76m. RC108 intersected 1m at 1.18g/t from 16m, 3m at 1.08g/t from 74m and 3m at 0.77g/t from 83m. RC112 was drilled beneath an artisanal working and intersected 2m at 2.25g/t from 17m and 1m at 1.5g/t from 70m (on the same trend as RC102 above).

The mineralised structure has been identified over a strike of 250m.

Resource Study

The program to date has made significant progress in constructing a detailed and predictive geological model. The drilling to be completed in 2011 is designed to provide information for IAMGOLD to generate a resource estimate. Historically diamond drilling at the Kalana Mine has underestimated the grades of the mineralised packages actually mined. This under evaluation is common to high grade quartz vein mines where the nugget effect is very significant. Recent underground development by Avnel of Vein 20 has again shown that drill hole results underestimate gold grades mined. As part of the resource study it is planned to study the nugget effect at the Kalana Mine using historic data and assess what additional methodology can be applied to the sample and assaying protocols.

Avnel continues to operate the underground mine exploiting exposed quartz veins by narrow stope mining and gravity gold recovery. This continues to produce data that is helpful to evaluate the nugget effect. In addition Avnel is mining exploration raises (including twinning diamond drill holes) and drifts (a total of 600 metres for 2011) for and at IAMGOLD's cost.

Avnel expects to release assay results from the drilling completed between January and April 2011 as data are received and interpretation of results allows. The results will be accompanied by geological cross sections.

ABOUT THE COMPANY

Avnel is a producing gold mining company operating the Kalana Mine in south-west Mali and is engaged in the exploration of the 30-year Kalana Exploitation Permit encompassing 387.4 sq km around and to the south of the Kalana Mine.

Avnel's principal asset is an 80% interest in Société d'Exploitation des Mines d'Or de Kalana ('SOMIKA') which is the holder of the Kalana Exploitation Permit. The Kalana Project is situate in south west Mali. The 387.4 sq km exploitation permit has a NI-43-101 compliant resource of 1,020,000 oz (at an average grade of 10.4 g/t) in the measured and indicated category, and 249,000 oz (at an average grade of 3.4 g/t) in the inferred category. Avnel also holds the Fougadian Exploration Permit covering an area of 75 sq. km. to the south of the main Kalana Exploitation Permit area and abutting it. Avnel and IAMGOLD Corporation have entered into a joint venture arrangements agreement whereby IAMGOLD has the option to acquire up to an initial 51% interest in Avnel's interest in the Fougadian Exploration Permit and in an additional 75 sq. kms to the south of Avnel's Fougadian Exploration Permit area for which IAMGOLD has been granted an exploration permit.

Technical Information and Qualified Person/Quality Control Notes

Information in this release arising subsequent to the date of the 2005 Snowden Technical Report regarding the Kalana Gold Mine and exploration activity is provided by Avnel management under the supervision of Roy Meade (a director of the Company) who is a non-independent 'Qualified Person' as such term is defined in National Instrument 43-101. Portions of the information are based on assumptions, qualifications and procedures which are not fully described herein.

Forward-Looking Information

This release includes certain statements that may be deemed 'forward-looking statements'. All statements in this release, other than statements of historical facts are forward-looking statements. Although Avnel believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward looking statements include market prices, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements. Avnel does not assume any obligation to update or revise its forward-looking statements, whether as a result of new information, future events or otherwise.

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