

ST. PETER PORT, GUERNSEY--(Marketwired - Nov 11, 2015) - [Avnel Gold Mining Ltd.](#) ("Avnel" or the "Company") (TSX:AVK) is reporting that the Definitive Feasibility Study ("DFS") for the Kalana Main Project remains on schedule for completion by the end of the first quarter of 2016. The Company is also reporting that it has filed its unaudited Condensed Interim Consolidated Financial Statements and the related Management Discussion & Analysis ("MD&A") for the three and nine-month periods ended September 30, 2015 on SEDAR.

#### Third Quarter 2015 Highlights:

- Completed a 30,143 m drill program over 181 holes
- Commenced the formal Public Participation Process for the Kalana Main ESIA
- Completed the geotechnical work program for the DFS

#### Subsequent to September 30, 2015:

- Announced an updated Mineral Resource estimate for the Kalana Main Project.
- Reported that the pit-constrained in situ Measured plus Indicated Mineral Resource has increased to 2.69 million ounces of gold for the Kalana Main deposit (19.9 million tonnes grading 4.20 g/t Au above a 0.9 g/t Au cut-off grade)
- Reported that the diluted Measured plus Indicated Mineral Resource has increased to 2.81 million ounces of gold for the Kalana Main deposit (30.6 million diluted tonnes at a diluted grade of 2.85 g/t Au above a 0.9 g/t Au cut-off grade)

#### MD&A Outlook

The Company continues to expect that the DFS for the Kalana Main Project will be completed by the end of the first quarter of 2016, as engineering is well advanced. For example, geotechnical test work and modelling was completed during the third quarter of 2015 and was utilised in the Whittle optimisation for the updated Mineral Resource estimate ("MRE") reported on October 5, 2015 (the "September 2015 MRE"). Metallurgical test work and process plant design are scheduled to be completed in the fourth quarter of 2015. Mine design scheduling is scheduled to be completed in the first quarter of 2016.

Based upon the initial findings from ongoing technical studies, the process plant is expected to be a conventional gravity plus carbon-in-leach ("CIL") system. The processing rate of the process plant design is expected to be finalised during the fourth quarter of 2015.

In parallel with the DFS, the Company is preparing a new ESIA to satisfy the requirements of the Equator Principles with the intention of pursuing international financing for the construction of an open pit mine at Kalana Main. The ESIA is being prepared to conform to the requirements of the International Finance Corporation's Performance Standards, the World Bank Group's Environmental, Health, and Safety guidelines, and other financial institutions that are signatories to the Equator Principles. The requisite baseline environmental, health and safety, and socio-economic studies for the ESIA were completed during the second quarter of 2015.

The formal Public Participation Process for the ESIA commenced in August 2015 and is expected to conclude in December 2015. The draft ESIA and other associated documentation, including a draft Community Resettlement Action Plan for a portion of the Village of Kalana, is scheduled to be submitted to the Malian authorities in December 2015. Following the review of the draft ESIA, the Company expects to submit the final ESIA for approval in early 2016. Accordingly, the Company continues to anticipate receiving approval of the ESIA and a new Environmental and Mining Permit by the end of the first quarter of 2016. The Kalana Exploitation Permit was awarded to Avnel in 2003 with an initial term of 30 years and, pursuant to the Company's Foundation Agreement with the Government of Mali, the only significant approval required to develop new mines is an ESIA.

As a result of these activities, the Kalana Main Project is expected to be sufficiently advanced for the Company to consider a construction decision during 2016, subject to receipt of a positive DFS, approval of the ESIA from the Malian authorities, and the availability of project financing.

Operations at the small, Soviet-era, underground mine at Kalana continue to benefit from the ongoing weakness in local currencies relative to the US dollar, which contributed to lower than budgeted operating costs. In the first nine months of 2015, operations also benefitted from higher than budgeted gold production that resulted in higher cash flow and lower unit costs than budgeted. Despite these positive developments, the Company does not expect the underground mine to be profitable under the prevailing gold price environment. The Company continues to operate the underground mine to offset the cost of providing underground access to facilitate due diligence activities necessary to secure mine development financing and help maintain socio-economic stability in the local community. The Company plans to continue operations through the completion of the DFS to enable a smooth transition for the workforce to a proposed open pit mining operation at the Kalana Main Project.

#### Mining Operations

The following table summarises the production from the Kalana Gold Mine:

	Three months ended Sept 30		Nine months ended Sept 30	
	2015	2014	2015	2014
Tonnes milled:	13,346	12,633	37,927	37,266
Average grade processed (g/t Au):	6.27	6.69	7.58	6.57
Recovery rate (%)	77.8	77.7	79.9	80.3
Gold production (ounces)	2,092	2,092	7,379	6,325
Cost per tonne milled	\$ 200	\$ 247	\$ 212	\$ 261
Operating cost per ounce of gold sold	\$ 1,330	\$ 1,505	\$ 1,092	\$ 1,526
Operating cost per ounce of gold produced	\$ 1,273	\$ 1,494	\$ 1,089	\$ 1,540

#### Gold Sales

Gold sales data is as follows:

	Three months ended Sept 30		Nine months ended Sept 30	
	2015	2014	2015	2014
Ounces sold	2,043	2,112	7,376	6,399
Average realized gold price (\$/oz)	1,114	1,279	1,183	1,294

Gold production of 7,379 ounces in the nine months to September 30, 2015 was 17% higher than the nine months to September 30, 2014. The increase in production is attributable to a 15% increase in average grade processed to 7.58 g/t Au in the nine months to September 2015, compared to 6.57 g/t Au in the nine months to September 2014. Average gold recovery of 79.9% in the nine months to September 2015 is in line with the budgeted rate of 80%, although lower than the 80.3% achieved in the comparative period of 2014.

#### Selected Information for the Three and Nine-Month Periods Ending September 30

(In thousands of U.S. dollars except per share amounts)

	Three Months Ended September 30		Nine Months Ended September 30	
	2015	2014	2015	2014
Total revenue	2,280	2,709	8,746	8,302
Total expenses	3,953	4,561	12,034	14,285
Other income/(expenses)	2,488	(1,227)	) 1,707	(1,365)
Net profit/(loss)	825	(3,079)	) (1,581)	) (7,348)
Net profit/(loss) from continuing operations attributable to parent			)	)
	1,352	(2,304)	(422)	(5,560)
Net profit/(loss) per share attributable to parent	\$ 0.004	\$ (0.009)	) \$ (0.001)	) \$ (0.026)
Weighted average shares outstanding	304,330,124	246,538,072	284,372,981	210,209,210
Balance Sheet		Sept 30, 2015	Sept 30, 2014	Dec 31, 2014
Working capital surplus		10,953	11,219	9,817
Total assets		30,166	27,883	25,930
Total non-current liabilities		8,316	6,374	8,593
Shareholders' equity		34,149	31,915	28,072

#### Results of Operations

Total revenue increased to \$8,746,000 in the nine months to September 30, 2015, from \$8,302,000 in the nine months to September 30, 2014. The increase in revenue is a result of a 15% increase in ounces sold from 6,399 ounces in the nine months to September 30, 2014 to 7,376 ounces in the nine months to September 30, 2015. The increase in revenue was partly offset by a 9% decrease in the realised average sales price of gold from \$1,294 per ounce in the nine months to September 30, 2014, to \$1,183 per ounce in the nine months to September 30, 2015.

Total expenses reduced by 16% from \$14,285,000 in the nine months to September 30, 2014 to \$12,034,000 in the nine months to September 30, 2015. The reduction in expenses is attributed to the strengthening of the US dollar relative to the West African CFA franc ("CFA") and the South African rand. Lower mining costs, resulting from a reduction in the rate of underground mining and an increase in the processing of surface stockpiles, have also contributed to lower operating expenses. Exploration costs expensed was nil in the nine months to September 2015, compared to \$392,000 in the nine months to September 2014. Operating costs per ounce of gold sold for the nine months to September 30, 2015 reduced from \$1,526 per ounce to \$1,092 per ounce,

which is attributable to lower operating costs and higher gold sales in the current period relative to the comparative period.

Avnel recorded a net loss of \$1,581,000 (\$0.001 attributable loss per share) for the nine months ended September 30, 2015, compared to a net loss of \$7,348,000 (\$0.026 attributable loss per share) in the nine months to September 30, 2014. Included in the nine months to September 30, 2015 is a profit on the fair value of derivative financial instruments of \$1,897,000, compared to a loss of \$719,000 in the nine months of 2014, arising from a change in the fair value of warrants outstanding. The fair value accounting gains and losses reported have no cash effect on the Company.

As compared to the condensed consolidated statement of financial position as at December 31, 2014, Avnel's cash and cash equivalents as at September 30, 2015 increased by \$1,466,000, from \$7,709,000 to \$9,175,000. The increase was the result of cash provided by a brokered "bought deal" financing in May 2015 of \$8,925,000 that was partly offset by the cost of exploration and evaluation expenditures of \$5,497,000. The Company had working capital of \$10,953,000 as at September 30, 2015, compared to working capital of \$9,817,000 as at December 31, 2014. Total assets increased from \$25,930,000 as at December 31, 2014 to \$30,166,000 at September 30, 2015.

Total non-current liabilities reduced from \$8,593,000 as at December 31, 2014 to \$8,316,000 at September 30, 2015, mainly due to the re-valuation of the warrants issued in May 2015 and the warrants issued in 2014. The fair value of these derivative financial instruments has no cash effect on the Company.

Total stockholders' equity increased to \$34,149,000 as at September 30, 2015 from \$28,072,000 as at December 31, 2014.

## Associated Documents

This news release should be read in conjunction with the Company's condensed interim consolidated financial statements for the three and nine-month periods ended September 30, 2015 and September 30, 2014 and the associated MD&A for these periods, which are available from the Company's website, [www.avnelgold.com](http://www.avnelgold.com), and on SEDAR ([www.sedar.com](http://www.sedar.com)).

## ABOUT AVNEL GOLD

Avnel Gold is a TSX-listed gold mining, exploration and development company with operations in south-western Mali in West Africa. The Company's focus is to develop its 80%-owned Kalana Main Project from a small underground mine into a low-cost, open pit mining operation. The Company is also advancing several nearby satellite deposits on the 387 km<sup>2</sup> 30-year Kalana Exploitation Permit.

On March 31, 2014, the Company reported a Mineral Resource estimate and the results of a Preliminary Economic Assessment ("PEA") prepared by Snowden Mining Industry Consultants. The PEA outlines a 14-year open-pit mine life at the Kalana Main Project recovering 1.46 million ounces of gold at an average "all-in sustaining cost" of \$577 per ounce with an initial capital cost of \$149 million. Utilising a gold price of \$1,110 per ounce and a 10% discount rate, the PEA reported a net present value ("NPV") of \$194 million after-tax and imputed interest, and an internal rate of return ("IRR") of 53% on a 100% project basis. The Company is now advancing the project to Definitive Feasibility, which is scheduled to be completed by the end of the first quarter of 2016.

*No stock exchange, securities commission or other regulatory authority has approved or disapproved the information contained in this news release.*

## CAUTIONARY STATEMENTS

### Forward-Looking Statements

This news release includes certain "forward-looking statements". All statements, other than statements of historical fact, included in this release, including the future plans and objectives of Avnel Gold, are forward-looking statements that involve various risks and uncertainties. There can be no assurance that forward-looking statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from Avnel Gold's expectations include, among others, risks related to international operations, the actual results of current exploration activities, conclusions of economic evaluations and changes in project parameters as plans continue to be refined as well as future prices of gold and silver, as well as those factors discussed in the section entitled "Risk Factors" in Avnel Gold's Annual Information Form, which is available on SEDAR ([www.sedar.com](http://www.sedar.com)). Although Avnel Gold has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

### Preliminary Economic Assessment

The Kalana Main Preliminary Economic Assessment ("PEA") is preliminary in nature and includes Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorised as Mineral Reserves; thus, there is no certainty that the economic benefits indicated in the PEA will be realised. The PEA is subject to a number of assumptions, including, among others that an Environmental and Social Impact Assessment ("ESIA") will be completed within the required timeline, all required permits will be obtained in a timely manner, the company will continue to have the support of local community, a constant regulatory environment and no material increase occurs to the estimated costs. The Kalana Main PEA is based upon an 8.54 million tonne Indicated Mineral Resource grading 4.53 g/t Au containing 1.25 million ounces and a 2.09 million tonne Inferred Mineral Resource grading 3.76 g/t Au containing 0.25 million ounces utilising a cut-off grade of 0.9 g/t Au. The PEA also includes 0.66 million tonnes of tailings grading 1.80 g/t Au that are classified as an Indicated Mineral Resource. Investors are cautioned not to assume that all or any portion of the Mineral Resource will ever be converted into a Proven and Probable Mineral Reserve. The NI 43-101-compliant technical report for the PEA and the Mineral Resource Estimate was prepared by Allan Earl, Executive Consultant, and Ivor Jones, Executive Consultant, of Snowden Mining Industry Consultants, each of whom are independent Qualified Persons, as defined in NI 43-101. The PEA was filed on SEDAR ([www.sedar.com](http://www.sedar.com)) on March 31, 2014.

## TECHNICAL INFORMATION

Except where indicated, the disclosure contained or incorporated into this news release of an economic, scientific or technical nature, has been summarised or extracted from the *National Instrument 43-101 - Standards of Disclosure for Mineral Projects* ("NI 43-101") compliant technical report titled "Kalana Mineral Resource Estimate and Preliminary Economic Assessment - Mali, NI 43-101 Technical Report" dated effective 31 March 2014 (the "Kalana Technical Report"), prepared by Snowden Mining Industry Consultants Pty Ltd. ("Snowden"). The Kalana Technical Report was prepared by Mr. Allan Earl, Executive Consultant, and Mr. Ivor W.O. Jones, Executive Consultant, both of Snowden at that time. Both Mr. Allan Earl and Mr. Ivor W.O. Jones are independent "Qualified Persons" as such term is defined in NI 43-101. Readers should consult the Kalana Technical Report to obtain further particulars regarding the Kalana Project, the Kalana Main Project, and the underground Kalana Gold Mine. The Kalana Technical Report, which constitutes the current technical report for the Kalana Main Project, was filed on SEDAR on March 31, 2014 and is available for review at [www.sedar.com](http://www.sedar.com).

Information of an economic, scientific, or technical nature in this news release regarding the September 2015 Mineral Resource estimates (the "September 2015 MRE"), as defined in Company's news release dated October 5, 2015, is summarised or extracted from reports prepared by Denny Jones Pty Ltd ("Denny Jones"). The September 2015 MRE has an effective date of September 30, 2015 and was prepared by Ivor W.O. Jones, Principal Consultant, at Denny Jones.

The Mineral Resources reported in this news release have been classified as Indicated or Inferred Mineral Resources within the meaning of the *CIM Definition Standards for Mineral Resources and Mineral Reserves* (November 2010) prepared by the CIM Standing Committee on Reserve Definitions and adopted by the CIM Council. The Mineral Resources may be affected by further infill and exploration drilling that may result in increases or decreases in subsequent resource estimates. The Mineral Resource may also be affected by subsequent assessments of mining, environmental, processing, permitting, taxation, socio-economic, and other factors. Grade has been estimated using Multiple Indicator Kriging ("MIK"). Actual recoveries of mineral products may differ from reported Mineral Reserves and Mineral Resources estimates due to inherent uncertainties in acceptable estimating techniques. In particular, Inferred Mineral Resources have a great amount of uncertainty as to their existence, economic and legal feasibility. It cannot be assumed that all or any part of an Inferred Mineral Resource will ever be upgraded to a higher category of Mineral Resource. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. Investors are cautioned not to assume that all or any part of the mineral deposits in these categories will ever be converted into Proven and Probable Mineral Reserves.

Information of a scientific or technical nature in this news release arising since the date of the Kalana Technical Report, excluding the September 2015 MRE (as defined above), has been prepared under the supervision of Mr. Roy Meade, the Company's President and Dr. Olivier Femenias, the Company's Vice-President, Geology, both of whom are non-independent "Qualified Persons" as such term is defined in NI 43-101.

## Non-IFRS Measures

Avnel's condensed interim consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") and the accounting policies adopted in accordance with IFRS. Management uses both IFRS and non-IFRS measures to monitor and assess the operating performance of the Company's operations. Management uses certain non-IFRS performance measures to provide additional information, as the Company believes that certain investors use these measures to assess gold mining companies. These non-IFRS performance measures should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. Non-IFRS performance measures do not have standardised definition under IFRS and therefore may not be comparable to similar measures presented by other organizations:

"Cost per Tonne Milled" is calculated by dividing the relevant mining and processing costs and total costs by the tonnes of ore processed in the period. Management uses this measure as a possible indication of the mining and processing efficiency of the mine.

"Cash Operating Cost" is calculated as reported production costs, which includes costs such as mining, processing, administration, non-site costs (transport and refining of metals, and community and environmental), less royalties paid. These costs are then divided by the number of ounces produced to arrive at "Cash Operating Cost per Ounce Produced" and are divided by the number of ounces sold to arrive at "Cash Operating Cost per Ounce Sold", after taking into account certain inventory movements. These terms are commonly used by gold mining companies to assess the level of gross margin available to the company, typically by subtracting Cash Operating per Ounce Sold from the average per ounce price realised during the period. These terms are also often used as an indication of a mining company's ability to generate cash flow from operations.

"On-site All-in Sustaining Cost" is defined in the PEA by Snowden as mine site cash operating costs, which includes costs such as mining, processing, administration, but excludes non-site costs (transport and refining of metals and royalties), plus sustaining capital costs, which includes community, environmental, and closure costs. These costs are then divided by the number of ounces of expected production to arrive at "On-site All-in Sustaining Cost per Ounce".

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