

ST. PETER PORT, GUERNSEY--(Marketwired - Mar 30, 2016) - [Avnel Gold Mining Ltd.](#) ("Avnel" or the "Company") (TSX:AVK) is announcing that it has filed its 2015 Annual Information Form ("AIF") and its audited Consolidated Financial Statements and the related Management Discussion & Analysis ("MD&A") for the three and twelve-month periods ended December 31, 2015 on SEDAR.

Fourth Quarter 2015 Highlights:

- Announced an updated Mineral Resource estimate for the Kalana Main Project utilising a \$1,100/oz following the completion of a drill program in support of the DFS

Full Year 2015 Highlights:

- Commenced a definitive feasibility study for the Kalana Main Project
- Completed a brokered "bought deal" financing for gross proceeds of C\$12 million
- Completed a 30,143 m drill program over 181 holes at Kalana Main
- Reported two updated Mineral Resource estimates for the Kalana Main Project
- Completed the requisite baseline field and socio-economic studies for the Kalana Main ESIA
- Commenced and completed the formal Public Participation Process for the Kalana Main ESIA
- Appointed Mr. Roy Meade as President
- Appointed Mr. Andrew King and Mr. Keith McCandlish to Avnel's Board of Directors

Significant Events Subsequent to 2015:

- Submitted a draft ESIA and other associated documentation, including a draft Community Resettlement Action Plan for a portion of the Village of Kalana, to the Malian authorities for the development of the Kalana Main Project
- Announced the results of a positive DFS for the Kalana Main Project
- Announced an updated Mineral Resource estimate for the Kalana Main Project utilising a \$1,400 per ounce gold price

2016 Outlook

The definitive feasibility study for the Kalana Main Project (the "DFS") is complete and the highlights are summarised below. As a result of completing the DFS, the Company anticipates that the Kalana Main Project will be sufficiently advanced to consider a construction decision during 2016, subject to government approval of the Environmental and Social Impact Assessment ("ESIA") and the associated Environmental and Social Management Plan ("ESMP"), and the availability of project financing.

Discussions with the Malian authorities and community members are well advanced and the Company anticipates receiving approval of the ESIA and ESMP during the second quarter of 2016. The Kalana Exploitation Permit was awarded to Avnel in 2003 with an initial term of 30 years and the only significant government approval required to develop new mines are an ESIA and the associated ESMP.

The ESIA has been 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 Company intends to pursue international financing for the construction of an open pit mine at Kalana Main and is actively engaged in early discussions with a number of parties in this regard. 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 approval of the ESIA from the Malian authorities and the availability of project financing.

With respect to operations at the small, Soviet-era, underground Kalana Gold Mine, the Company is forecasting gold production of 8,600 ounces in 2016. Under the prevailing gold price environment, the underground mine is not profitable. The Company continues to sustain operations to partially offset the cost of providing underground access to facilitate due diligence activities necessary to secure mine development financing. The continued operation of the mine also helps to maintain socio-economic stability in the local community as the workforce prepares to transition to activities related to the construction and operation of the proposed Kalana Main Mine. The Company intends to sustain operations for as long as economically feasible, without incurring any significant capital expenditures, until such a time as the Company is able to evaluate development options for a new open-pit mining operation at Kalana Main.

The Company's Board of Directors recognise the continuing short term for working capital purposes and in the longer term to build the proposed open pit mine operations of the Company are dependent upon its ability to raise adequate financing and that funding will be required. The directors believe that the required financing will be raised and, in conjunction with management, are actively pursuing various financing options with the major shareholders and are engaged in ongoing discussions with banks, financial institutions, and other mining companies regarding proposals for financing. While these discussions are ongoing, it cannot be guaranteed that such financing will be available on a timely basis or on acceptable terms.

Kalana Main Definitive Feasibility Study

On March 31, 2016, the Company reported the results of a definitive feasibility study for the Kalana Main Project in south-western Mali (the "DFS"). The DFS reported a maiden Mineral Reserve of 1.96 million ounces of gold (21.0 million tonnes of ore at a grade of 2.80 g/t Au containing 1.92 million ounces declared) for the Kalana Main Project. The Company also reported an updated Measured plus Indicated Mineral Resource estimate of 3.06 million ounces of gold (23.0 million tonnes grading 4.14 g/t Au containing 3.06 million ounces at a 0.90 g/t Au cut-off) for the Kalana Main deposit. The key performance indicators reported in this MD&A are based upon 100% ownership of the Kalana Main Project. The Kalana Project is owned by Société d'Exploitation des Mines d'Or de Kalana, S.A. ("SOMIKA"). Avnel has an 80% equity interest in SOMIKA and the Malian Government holds a beneficial interest in the remaining 20%, which has anti-dilution and free-carry rights.

The DFS was led by Snowden Mining Consultants Pty Ltd. ("Snowden") with the support of several leading consulting firms, all of whom have extensive experience in Mali, including Mr. Ivor Jones of Denny Jones Pty. Ltd. ("Denny Jones"), DRA Projects (Pty) Ltd. ("DRA"), and Epoch Resources. The Kalana Project is owned by Société d'Exploitation des Mines d'Or de Kalana, S.A. ("SOMIKA"). Avnel has an 80% equity interest in SOMIKA and the Malian Government holds a beneficial interest in the remaining 20%, which has anti-dilution and free-carry rights. The key performance indicators reported in this MD&A are based upon 100% ownership of the Kalana Main Project. The results of the economic evaluation are summarised in the table below:

Summary of DFS Economic Analysis

Financial Summary	Unit	Value
LOM Tonnage Material Mined	kt	228,795
LOM Tonnage Ore Mined	kt	20,999
LOM Tonnage Ore Processed	kt	21,759
LOM Feed Grade Processed	g/t Au	2.80
LOM Gold Recovery	%	93%
LOM Gold Production	Oz Au	1,821,383
Production Period	years	18.0
Pre-production Capital Costs	\$M	196
LOM Sustaining Capital Costs(including mine closure and community investment)	\$M	123
*Pre-Tax 8% NPV	\$M	266
*Post-Tax 8% NPV	\$M	196
Pre-Tax IRR	%	44%
Post-Tax IRR	%	38%
Undiscounted Payback Period	years	1.2

*West African peers commonly use a 5% net present value ("NPV"), which would compute to a Pre-tax NPV of \$345 million and a Post-tax NPV of \$257 million.

Also included in these after-tax estimates are management fees paid to Avnel for the operation of the Kalana Main Mine (the "Mine Management Fee"). As per the Company's Operator Agreement with SOMIKA, the Mine Management Fee is calculated as 0.75% of turnover (gross revenue) and 2.5% of *brut exploitation excess* (or "EBE", which is equivalent to Earnings Before Interest, Taxes, and Depreciation or "EBITDA") as calculated in accordance with *Le Système Comptable Ouest Africain* ("SYSCOA").

Excluded from this analysis is SOMIKA's repayment of existing inter-company loans, accrued interest, and accrued Mine Management and Engineering Fees associated with the underground Kalana Gold Mine to Avnel. Avnel estimates that these amounts to approximately \$115 million.

For additional information on the DFS, please refer to the Company's news release dated March 31, 2016 titled "Avnel Announces Definitive Feasibility Study Results for Kalana Main Project". The Company will file a *National Instrument 43-101 Standards for Disclosure for Mineral Projects* ("NI 43-101") compliant technical report in support of the DFS and the March 2016 MR on SEDAR within 45 days of this MD&A.

Selected Annual Information (In thousands of U.S. dollars, except per share amounts)

	2015	2014	2013
Total revenue	11,360	12,024	14,574
Total expenses	16,048	19,114	19,294
Other Income/ (expense)	1,840	(3,211)	1,565
Net loss	(2,848)	(10,296)	(3,155)
Net loss from continuing operations attributable to owners of the parent	(1,214)	(8,482)	(1,405)
(Net loss) per share attributable to owners of the parent	\$ (0.004)	\$ (0.038)	\$ (0.007)
Basic weighted average shares outstanding	289,403,275	223,119,693	191,743,724

Balance Sheet			
Working Capital Surplus	8,803	9,817	8,629
Total Assets	27,958	25,930	26,524
Total Non-current liabilities	8,062	8,593	3,004
Shareholders' Equity	32,738	28,072	31,845

Full Year 2015 Results of Operations

Total revenue decreased to \$11,360,000 in the twelve months to December 31, 2015 from \$12,024,000 in the twelve months to December 31, 2014. The decrease in revenue is primarily a result of an 8% decrease in the realised average sales price of gold from \$1,262 per ounce in the twelve months to December 31, 2014 to \$1,164 per ounce in the twelve months to December 31, 2015 and a 2% increase in the number of ounces of gold sold relative to the prior year.

Total expenses decreased 16% from \$19,114,000 in the twelve months to December 31, 2014 to \$16,048,000 in the twelve months to December 31, 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 underground mining production and an increase in the processing of surface stockpiles have also contributed to lower operating expenses. Exploration costs expensed was \$260,000 in the twelve months to December 31, 2015 compared to \$342,000 in the twelve months to December 31, 2014. Operating costs per ounce of gold sold for the twelve months to December 31, 2015 decreased 19% to \$1,073 per ounce from \$1,325 per ounce in the prior year, which is attributable to lower operating costs in the current period that was partially offset by lower gold sales relative to the comparative period.

Avnel recorded a net loss of \$2,848,000 (\$0.004 attributable loss per share) for the twelve months ended December 31, 2015 compared to a net loss of \$10,296,000 (\$0.038 attributable loss per share) in the prior year. Included in the twelve months to December 31, 2015 is a gain on the fair value of derivative financial instruments of \$2,166,000, compared to a loss of \$2,901,000 in the twelve months of 2014, arising from a change in the fair value of warrants outstanding. Fair value accounting gains and losses reported have no cash effect on the Company.

As compared to the consolidated statement of financial position as at December 31, 2014, Avnel's cash and cash equivalents as at December 31, 2015 decreased by \$498,000 to \$7,211,000. The reduction is the result of exploration and evaluation expenditures of \$6,041,000 and cash used in operations of \$2,938,000 that was offset by cash provided by a financing in May 2015 for net proceeds \$8,931,000. As at December 31, 2015 the Company had a working capital surplus of \$8,803,000, compared to a working capital surplus of \$9,817,000 as at December 31, 2014. Total assets increased from \$25,930,000 as at December 31, 2014 to \$27,958,000 at December 31, 2015.

Total non-current liabilities reduced from \$8,593,000 as at December 31, 2014 to \$8,062,000 at December 31, 2015, mainly due to the re-valuation of the warrants issued in May 2015 and in 2014. The fair value of these derivative financial instruments has no cash effect on the Company.

Total stockholders' equity increased to \$32,738,000 as at December 31, 2015 from \$28,072,000 as at December 31, 2014.

Fourth Quarter Results

Total revenue reduced 30% to \$2,614,000 in the quarter to December 31, 2015 from \$3,722,000 in the quarter to December 31, 2014, which is attributed to an decrease in gold sales from 3,104 ounces in the quarter to December 31, 2014 to 2,362 ounces in the quarter to December 31, 2015 together with a reduction in the realised average sales price of gold from \$1,197 per ounce in the quarter to December 31, 2014 to \$1,104 per ounce in the quarter to December 31, 2015.

Total expenses reduced 17% from \$4,829,000 in the quarter to December 31, 2014 to \$4,014,000 in the quarter to December 30, 2015. Operating costs per ounce of gold sold for the quarter to December 31, 2015 increased from \$911 per ounce to \$938 per ounce arising mainly from lower production.

Avnel recorded a net loss of \$1,267,000 (\$0.004 attributable loss per share) for the quarter to December 31, 2015, compared to a net loss of \$2,948,000 (\$0.011 attributable loss per share) in the comparative period in 2014. Included in the quarter to December 31, 2015 is a profit on the fair value of derivative financial instruments of \$269,000, compared to a loss of \$2,182,000 in the quarter to December 31, 2014, arising from the fair value of warrants. The fair value accounting losses reported have no cash effect on the Company.

Avnel's cash and cash equivalents reduced by \$1,964,000 in the quarter to December 31, 2015 from \$9,175,000 to \$7,211,000, mainly arising from exploration and evaluation asset expenditures.

Associated Documents

This news release should be read in conjunction with the Company's audited consolidated financial statements for the three and twelve month periods ended December 31, 2015 and December 31, 2014 and the associated MD&A for these periods, which are available from the Company's website, www.avnelgold.com, and on SEDAR (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 km² 30-year Kalana Exploitation Permit.

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). 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.

TECHNICAL INFORMATION

Except where indicated, the disclosure contained or incorporated into this AIF of an economic, scientific or technical nature, has been summarised or extracted from the definitive feasibility study for the Kalana Main Project and the draft *National Instrument 43-101 - Standards of Disclosure for Mineral Projects* ("NI 43-101") compliant technical report titled "NI 43-101 Technical Report - Kalana Project Mineral Resource Estimates and Definitive Feasibility Study", dated effective 1 March 2016 (the "Kalana Technical Report"), prepared by Snowden Mining Industry Consultants Pty Ltd. ("Snowden"). The DFS was prepared under the supervision of Mr. Allan Earl, Executive Consultant of Snowden, Mr. Ivor W.O. Jones, Principal of Denny Jones Pty Ltd ("Denny Jones"), and Mr. Glenn Bezuidenhout of DRA Projects (Pty) Ltd. ("DRA"). Mr. Allan Earl, Mr. Ivor W.O. Jones, and Mr. Glenn Bezuidenhout are independent "Qualified Persons". Readers should consult the Kalana Technical Report to obtain further particulars regarding the Kalana Project, which contains the Kalana Main Project (as defined herein), the underground Kalana Gold Mine (as defined herein), plus a number of mineral exploration prospects. The Kalana Technical Report, which constitutes the current technical report for the Kalana Project, will be filed on SEDAR within 45 days this MD&A.

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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