ST. PETER PORT, GUERNSEY--(Marketwired - Mar 30, 2016) - Avnel Gold Mining Ltd. ("Avnel" or the "Company") (TSX:AVK) is pleased to announce results from a definitive feasibility study for its Kalana Main Project in south-western Mali with an effective date of March 1, 2016 (the "DFS"). The Company is reporting a maiden Mineral Reserve of 1.96 million ounces of gold and an updated Measured plus Indicated Mineral Resource estimate of 3.06 million ounces of gold for the Kalana Main project. The key performance indicators reported in this news release are based upon 100% ownership of the Kalana Main Project. All amounts are in United States dollars ("$") unless specified otherwise.

Feasibility Study Highlights

Project Economics (base case gold price of $1,200 per ounce)

- After tax 8% NPV: $196 million
- After tax IRR: 38%
- Payback period: 1.2 years from start of commercial production

Mine Production

1. During first 5 years:

- Average annual production of 148,000 ounces at a total cash cost of $507/oz and an average on-site all-in-sustaining cost ("AISC") of $595/oz
- Average mill head grade of 3.6 g/t Au with gold recovery of 94.6%
- Average annual throughput of 1.35 million tonnes milled

1. Over 18 year life of mine ("LOM"):

- Total production of 1.82 million ounces with gold recovery of 92.7%
- Average annual production of 101,000 ounces at a total cash cost of $695/oz and an on-site AISC of $784/oz

Mineral Reserves

Maiden Mineral Reserve declared of 1.96 million ounces:

- 21.0 million tonnes of ore at a grade of 2.80 g/t Au containing 1.92 million ounces declared
- 0.7 million tonnes of existing tailings at a grade of 1.80 g/t Au containing 0.04 million ounces to be hydraulically mined and processed prior to commissioning the new mill

Capital Expenditure

- Initial net capital expenditure of $163 million; gross initial capital expenditure of $196 million (including contingency) and working capital of $8 million offset by $41 million from gold production prior to commercial production
- Sustaining capital expenditure of $123 million

Project Construction Schedule

Key project milestones after start of construction:

- Month 16: Commence pre-strip
- Month 17: Commence processing tails through new carbon-in-leach ("CIL") section of the plant
- Month 22: Commence hot commissioning of mill
- Month 25: Commercial production

Mineral Resources

Updated March 2016 Mineral Resource for the Kalana Main deposit utilizing a $1,400/oz gold price:

- In situ Measured plus Indicated Resource of 23.0 million tonnes grading 4.14 g/t Au containing 3.06 million ounces at a 0.90 g/t Au cut-off
- In situ Inferred Resource of 1.7 million tonnes grading 4.51 g/t Au containing 0.24 million ounces at a 0.90 g/t Au cut-off
- The diluted (internal and external) Measured plus Indicated Resource of 35.7 million tonnes grading 2.78 g/t Au containing 3.20 million ounces
- Tailings of 0.7 million tonnes at a grade of 1.80 g/t Au containing 0.04 million ounces

Kalana 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. SOMIKA owns and operates the Kalana Gold Mine, a small, Soviet-era, underground gold mine, and holds the rights to the Kalana Exploitation Permit, a combined exploitation and exploration permit that is subject to the 1999 Mining Code and is unique in Mali. The permit covers a surface area of 387.4 km^2 and was last renewed in 2003 for a term of 30 years. This permit is host to 29 exploration targets, including the Kalana Main Project, the Company's flagship development-stage project, which is the subject of the DFS.

Kalana Main Definitive Feasibility Study

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 key performance indicators reported in this news release are based upon 100% ownership of the Kalana Main Project. The assumptions used in the economic evaluation are set out in Table 1 below and the results of the economic evaluation are summarised in Table 2.

Table 1: Assumptions used in the Economic Evaluation

Economic Assumptions	Unit	Value
Plant Throughput (saprolite)	Mtpa	1.5
Plant Throughput (fresh rock)	Mtpa	1.2
Gold Price	$/oz	1,200
Discount Rate	%	8%
Diesel Fuel Price	$/litre	1.0
Corporate Tax Rate	%	30%
ZAR/USD Exchange Rate	x	15
Refining, Transport, and Insurance Costs	$/oz	4
Stamp Duty on Gold Sale	%	0.6%
Net Smelter Royalty	%	3.0%

Table 2: Summary of 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% 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.

A sensitivity analysis was conducted on the Project model, to evaluate its robustness to variation in performance and financial

input parameters. The NPV (at 8% discount rate) and IRR sensitivities are presented in Table 3.

Table 3: NPV and IRR Sensitivities

Scenario	Variation	Post-Tax NPV ($M)	Post-Tax IRR (%)
Base Case	0	196	38%
Recovery Rate	-5%	156	33%
Gold Production	-10%	115	28%
Gold Price	-10%	115	28%
Gold Price	+10%	275	46%
All Operating Costs	+15%	132	32%
All Capital Costs	+10%	172	32%
Gold Recovery & Operating Costs	+5%, +10%	194	39%
Gold Price, Operating Costs & Capital Costs	+5%, +5%, +5%	203	37%
Gold Production, Gold Price & Operating Costs	-5%, +10%, +10%	190	38%

Mining

The DFS' mine plan provides for 18 years of production from the Kalana Main deposit from a single open-pit with 12 stages as shown in Figure 1. A total of 228 million tonnes will be mined with LOM waste-to-ore ratio of 9.9:1 including the pre-strip. Production schedules are included in the appendix.

The deposit contains high grade mineralized zones that will be extracted by selective mining using 5m benches. Bulk mining of the waste zones will be conducted on 10m benches.

The mine area consists of a weathered zone to an average depth of 60 m below surface which is amenable to free digging. The mining schedule targets the areas of saprolite that will generate higher cash flow early in the mine life. The pre-strip of six months will provide ore stockpiles to enable higher grade ore to be processed in the early years of the mine life.

Mining will be conducted by the owner whilst maintenance of the open pit mining machinery will initially be carried out by the original equipment manufacturer to ensure fleet availability. The maintenance plan provides for a five-year handover period to the owner after completion of the initial capital purchase of the full fleet component.

As part of the DFS, Snowden examined the impact of a lower gold price of $1,000 per ounce on the mine plan and design schedule and cash flow. At this lower price, the mine plan would allow mining of all the current planned pit stages with the exception of stage 12 (see Figure 1). Stages 1 to 11 contain 60% of the reserve ore tonnes, 65% of the reserve gold ounces but only 54% of the waste tonnes. Approximately 50% of stages 1 to 11 are in the softer saprolite material which is mainly free-dig and requiring limited drilling and blasting.

At the lower gold price the capital expenditure to bring the mine into production would remain as planned with the robust cash flow in the early years providing a similar payback period. Stage 12 mining is scheduled to commence 6 years after start of commercial production. Planned sustaining capital would reduce as mining tonnes would be lower requiring less equipment rebuilds.

Processing

ROM ore will be delivered from the mine to the processing plant, which consists of a conventional two-stage crushing circuit and a single-stage milling circuit to achieve a target grind size of 80% passing 75 microns as presented in Figure 2 near the end of this news release. The processing plant design is based on annual throughput rates of 1.5 million-tonnes-per-annum ("Mtpa") for saprolite and 1.2 Mtpa for saprock and fresh rock material.

Gold is to be extracted by gravity concentration and a CIL plant to produce a gold dore via elution, electrowinning, and smelting. Gold is recovered from the loaded carbon in an elution and electrowinning circuit and will be poured into doré bars on site. Life of mine average recovery is projected to be 92.7% (including tailings) resulting in LOM production of 1.82 million ounces.

The plant design philosophy incorporates a requirement that the processing plant be constructed in a manner that would expedite the construction of the leaching and adsorption circuit with the intention of processing historic tailings from the underground Kalana Gold Mine prior to the hot commissioning of the mill. These tailings are intended to be recovered by hydraulic mining and processed through the CIL circuit over a 5-month period and then for 3 months during the hot commissioning of the mill. This represents an opportunity to generate pre-commercial production cash flow that will partially offset development capital

requirements.

Capital Expenditure

The initial cost to achieve commercial production is estimated to be $196.3 million as shown in Table 4(a).

Major capital items are the processing plant and plant infrastructure, purchase of the mining fleet, construction of the tailings storage facility, initial phases of the resettlement action plan, and owner's costs.

Revenue, net of costs and taxes, generated by gold production of 53,000 ounces from processing existing gravity tailings and ore during the commissioning of the mill total $41.2 million and will offset the capital expenditure. Working capital is estimated at $8.1 million.

Table 4(a): Capital Costs to Commercial Production

	Units	Value
Processing Plant Cost	$M	93.6
Contingency - Processing Plant	$M	9.5
Open-pit Pre-Strip & Tailings Mining	$M	11.4
Mine Infrastructure	$M	20.7
Mine Site Facilities	$M	4.5
Mobile Fleet & Vehicles	$M	30.3
Owner's Costs	$M	13.2
Other Capital Costs	$M	13.1
Total Capital Costs to Commercial Production	$M	196.3
Revenue, net of costs and taxes, prior to Commercial Production	$M	(41.2)
Initial Working Capital Costs	$M	8.1
Net Costs to Commercial Production	$M	163.2

Table 4(b): LOM Sustaining Capital Costs

	Units	Value
Processing Plant - Sustaining	$M	7.9
Mine Infrastructure (incl. stream diversion)	$M	10.4
Mobile Fleet & Vehicles	$M	72.4
Other Sustaining Costs	$M	18.4
Mine Closure	$M	13.9
Total Sustaining Capital Costs	$M	123.0

Operating Cost

The average production over the first 5 full years of steady-state production is approximately 148,000 recovered ounces per year at a Cash Operating Cost of $460 per ounce. Including refining, transportation, and royalties, the Total Cash Cost is $507 per ounce. Including sustaining capital and mine operator fees to be earned by Avnel, on-site AISC are $595 per ounce. A summary of unit operating costs over the first 5 years of steady-state production is presented in Table 5(a).

Table 5(a): Cash Operating Cost for First 5 years of Steady State Production (Year 3 to Year 7)

	$ Per Tonne of Ore	$ Per Ounce of Gold
Mining	29.19	268
Processing	14.73	135
General and Administrative	6.18	57
Cash Operating Cost	50.10	460
Refining and Transportation Costs	0.44	4
Royalty and Stamp Duty	4.71	43
Total Cash Cost	55.25	507
Mine Management Fees Payable to Avnel	2.80	26
Sustaining Capital	6.74	62

On-Site AISC	64.78	595

Over the LOM, average annual production is approximately 101,000 ounces at an average Cash Operating Cost, Total Cash Cost, and on-site AISC of $648 per ounce, $695 per ounce, and $784 per ounce, respectively. A summary of unit operating costs over the LOM is presented in Table 5(b).

Table 5(b): Cash Operating Cost for Life of Mine Production (Year 2 to Year 20)

	$ Per Tonne of Ore	$ Per Ounce of Gold
Mining	31.83	380
Processing	16.25	194
General and Administrative	6.17	74
Cash Operating Cost	54.26	648
Refining and Transportation Costs	0.33	4
Royalty and Stamp Duty	3.62	43
Total Cash Cost	58.21	695
Mine Management Fees Payable to Avnel	1.75	21
Sustaining Capital	5.64	67
On-Site AISC	65.60	784

Kalana Main ESIA

The Kalana Exploitation Permit constitutes a right to mine and a right to explore over the entire 387.4 square kilometers. The only permitting required is the approval of an Environmental and Social Impact Assessment ("ESIA") for any one or more mines on that permit. The Kalana Main Project, the development of an open pit on top of a Soviet-built underground mine, is a new mine and an ESIA has been completed and submitted to the government for approval together with an associated Environmental and Social Management Plan ("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 with the intention of pursuing international mine construction financing.

The ESIA and ESMP were examined by an inter-ministerial commission chaired by the Ministry of the Environment. The chairman of the commission declared at the close of the hearing that the study has been validated subject to requiring certain limited supplemental information. It is expected that the permit will be issued in the second quarter 2016.

The existing underground mine is in full compliance with all environmental obligations and is audited by the ministry of environment annually. Avnel and SOMIKA have since 2003 been actively involved with the Kalana workforce, organized labour, community elected and traditional leaders, and has invested with the community in enhancement projects ranging from Kalana village electrification to schools medical clinics, youth facilities, and have actively promoted sports.

Exploration Upside

Although the lateral extents of the Kalana Main deposit have been fairly well defined, the deposit is open for expansion at depth, and there is significant regional exploration potential. Avnel's exploration team has dedicated significant resources to the evaluation of regional exploration prospects outside of the Kalana Main area. This initial work is based upon historical data carried out by others, regional work conducted by Avnel and the IAMGold Corp. since 2005, and the Company's ongoing field surveys of active and historical orpaillage. This work, which is ongoing, is intended to prioritise targets for future exploration.

A high-priority exploration project for the Company is the Kalanako deposit, which has the potential to improve the Kalana Main production schedule in the later years of mine life with additional drilling. Kalanako is located 3 km northeast of Kalana Main. Kalanako consists of several sub-parallel northwest - southwest striking mineralised trends that have been established from historical exploration data. The drilling dataset consists of information collected from 30 diamond drill holes totaling 24,928 m and 235 RC drill holes totaling 7,699 m. Two mineralized trends have been established from widely spaced RC drilling and are interpreted to have strike lengths of 250 m to 500 m, are less than 10 m thick, and appear to be steeply dipping based upon field observations and drilling results. The Company believes that the mineralised zones at Kalanako are open for expansion and that additional drilling is warranted. On March 26, 2015, the Company reported a maiden In Situ Mineral Resource for the Kalanako deposit. The Inferred portion is 0.38 million tonnes grading 5.55 g/t Au containing 0.07 million ounces at a cut-off grade of 0.90 g/t Au utilizing a gold price assumption of $1,500 per ounce. The Kalanako In Situ Mineral Resource does not include any local estimates for internal or external dilution.

Qualified Persons

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 on SEDAR within 45 days of this news release. For further information with respect to the key assumptions, parameters, and risks associated with the results of the DFS, the Mineral Resource estimates included therein, and other technical information, please refer to the technical report to be made available on SEDAR.

The following qualified persons, as that term is defined in NI 43-101, have prepared or supervised the preparation of their relevant portions of the technical information described above the related technical report to be filed:

The Mineral Resource estimates reported in this news release were prepared by Mr. Ivor Jones, (BSc. Hons), MSc, FAusIMM, CP Geo., of Denny Jones Pty Ltd., who is an independent Qualified Person as defined under NI 43-101. All Mineral Resources reported have been prepared in accordance with the CIM Standards on Mineral Resources and Reserves, Definitions, and Guidelines. Mr. Jones has reviewed and approved the contents of this news release.

Mr. Allan Earl, Associateship in Mining Engineering, FAusIMM of Snowden Mining Industry Consultants is an independent Qualified Person as defined by NI 43-101. Mr. Earl has reviewed and approved the contents of this news release.

Mr. Glenn Bezuidenhout, NDT Ex. Met, FSAIMM, Process Director for DRA Projects (Pty) Ltd., is an independent Qualified Person as defined by NI 43-101. Mr. Bezuidenhout has reviewed and approved the technical contents of this news release.

Mr. Roy Meade, BSc (Honours) Mining Engineering and Professional Engineer (UK), President of Avnel Gold Mining Ltd. is a Qualified Person as defined by NI 43-101. Mr. Meade has reviewed and approved the contents of this news release.

Dr. Olivier Féménias, MSc, PhD, EurGeol 1115, Vice-President, Geology for Avnel Gold Mining Ltd. is a Qualified Person as defined by NI 43-101. Dr. Féménias has reviewed and approved the contents of this news release.

Non-IFRS Measures

Avnel's audited consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") and the accounting policies adopted by the Company in accordance with IFRS.

Avnel uses both IFRS and non-IFRS measures to monitor and assess the operating performance of the Company's operations. Throughout this press release, certain non-IFRS performance are used. 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 organisations:

"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.

"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", after taking into account certain inventory movements.

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

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 strategic objective is to develop the Kalana Main Project into an open-pit mining operation through its 80% ownership in SOMIKA. A secondary objective of the Company is to explore the remainder of the 387 km^2 Kalana Exploitation Permit to discover new mineral deposits.

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.

APPENDIX 2: Mineral Resources

The March 2016 Mineral Resource, an updated pit-constrained Mineral Resource for the Kalana Main deposit, as well as the Mineral Resources for the tailings and Kalanako, are presented in Table 6 below:

Table 6: In situ Kalana Mineral Resources[1,2,3,4] (March 2016)

Mineral Resource Classification	Tonnes (Mt)	Grade (g/t Au)	Contained Gold (Moz)
Kalana Main Mineral Resources			
Measured	9.5	4.20	1.28
Indicated	13.5	4.10	1.77
Measured + Indicated	23.0	4.14	3.06
Inferred (Kalana Main)	1.7	4.51	0.24
Additional Mineral Resources			
Indicated (Tailings)	0.7	1.80	0.04
Inferred (Kalanako)	0.4	5.55	0.07

1 - Mineral Resources are disclosed on a total project basis at 100%. Avnel owns an 80% equity interest in SOMIKA, the Malian company that owns the Kalana Exploitation Permit.

2 - Depletion by production is to September 2015. There has been minor production since September 2015.

3 - Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, marketing, or other relevant issues. The Mineral Resources are estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), *CIM Definition Standards on Mineral Resources and Reserves* prepared by the CIM Standing Committee on Reserve Definitions and adopted by the CIM Council, are reported above a cut-off grade 0.90 g/t Au, and are reported inclusive of the Mineral Reserve.

4 - The quantity and grade of reported Inferred resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred Resources as an Indicated or Measured Mineral Resource and it is uncertain if further exploration will result in upgrading them to an Indicated or Measured Mineral Resource category.

Diluted Mineral Resource - Kalana Main

The addition of local dilution resulted in a portion of the model being below the 0.90 g/t Au cut-off grade and excluded from the Mineral Resource. The resultant pit-constrained and diluted Measured and Indicated Mineral Resource above the diluted cut-off grade of 0.90 g/t Au, is estimated at 35.7 million tonnes grading 2.78 g/t Au (diluted) representing 3.20 million ounces as detailed in Table 7:

Table 7: Pit constrained diluted Kalana Mineral Resource (March 2016)

Kalana Main Mineral Resource Diluted Estimate - March 2016
(100% Project Basis Above a Diluted Grade of 0.90 g/t Au)

	Resource Tonnes	Resource Grade	Internal Dilution	External Dilution	Grade Internal Dilution	Grade External Dilution	Diluted Tonnes	Diluted Grade	Ounces Gold
	(millions)	(g/t Au)	(%)	(%)	(g/t Au)	(g/t Au)	(millions)	(g/t Au)	(millions)
Measured Resource	09.5	4.20	21	25	0.40	0.28	14.4	2.89	1.34
Indicated Resource	13.5	4.10	20	32	0.40	0.30	21.4	2.71	1.86
M + I	23.0	4.14	21	29	0.40	0.30	35.7	2.78	3.20

This diluted Kalana Main Measured and Indicated Mineral Resource of 3.20 million ounces, combined with the 40,000 ounces of

Indicated Mineral Resource from tailings, forms the basis for the DFS reported in this press release.

The September 2015 Mineral Resource and subsequent March 2016 Mineral Resource have been prepared in accordance with the CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by the CIM Council.

Kalana Gold Mine Tailings

The overall tailings estimate is a simple weighted average of the SOGEMORK tailings estimate and the production data from the Kalana Gold Mine since June 2004 and until September 2015. The Tailings Mineral Resource is 0.7 million tonnes at a grade of 1.80 g/t Au containing 0.04 million ounces. The combined tailings Mineral Resource is classified as Indicated and is not reported at a cut-off grade as it is expected to be mined in its entirety.

Kalanako Gold Deposit

An estimate of the resource for the Kalanako deposit 2.5 km from Kalana was completed in 2015. The Kalanako Mineral Resource is 0.4 million tonnes at a grade of 5.55 g/t Au containing 0.07 million ounces. It is an Inferred Resource and has been reported within a pit shell at a cut-off grade of 0.90 g/t Au.

Mineral Resource Classification

All Mineral Resources are classified as Measured, Indicated, or Inferred in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") *Definition Standards on Mineral Resources and Reserves* prepared by the CIM Standing Committee on Reserve Definitions and adopted by the CIM Council. Classification of parts of the Mineral Resource was applied based upon data quality, confidence in the geological interpretation, and grade and geological variability. Parts of the resource model classified as a part of the Mineral Resource exceed a diluted cut-off grade of 0.90 g/t Au and fall within a Whittle4X evaluation shell that was used to test for the reasonableness of economic extraction. The Whittle4X evaluation shell was prepared using the same modifying factors as those used in the PEA and a $1400/oz gold price. 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.

Classification was applied based on data quality, confidence in the geological interpretation, grade and geological variability, and confidence in the grade-tonnage estimates. Those parts of the resource model classified as a part of the Mineral Resource exceed a diluted cut-off grade of 0.90 g/t Au and are contained within a Whittle4X evaluation shell that was used to test for the reasonableness of economic extraction. Areas informed by drill data with a maximum spacing of approximately 35 m, where the geological and grade continuity have been well established, and were estimated with a minimum of eight samples have been classified as Measured Resource. Areas informed by 25 m by 50 m spaced drilling (approximate dimensions), where there is a reasonable level of confidence in the geological and grade estimate, and were estimated with a minimum of eight samples have been classified as Indicated Resource. The small amount of Inferred Resource is the remainder of the Mineral Resource estimate contained within the Whittle shell. Areas where there is no informing data, that contain lower grade material that is outside of the mineralised interpretation, or are not contained within the Whittle shell are not classified as a part of the Mineral Resource.

APPENDIX 3: Mineral Reserve

The Kalana Main Mineral Reserve is a subset of the mineral resources described in the section above. Mineral reserves are estimated using modifying factors estimated to a level of accuracy required for a definitive feasibility study. Mineral reserves are classified in accordance with the CIM's *Definition Standards on Mineral Resources and Reserves* as either Probable or Proven based upon the classification of the corresponding Mineral Resource and Snowden's assessment of the modifying factors. Only the Indicated and Measured portions of the Mineral Resource have been reported in the Mineral Reserve. Neither the Inferred portion of the Mineral Resource or unclassified mineralization has been included in the Mineral Reserve.

The Proven and Probable Mineral Reserve for the Kalana Main open pit is 21.0 million tonnes at an average grade of 2.80 g/t Au containing 1.92 million ounces. The Probable Mineral Reserve for the Kalana Main Tailings is 0.7 million tonnes at an average gold grade of 1.80 g/t Au containing 44,000 ounces. Collectively, the Mineral Reserve for the Kalana Main Project is 21.7 million tonnes at an average grade of 2.80 g/t Au containing 1.96 million ounces. A summary of the Mineral Reserve, by deposit, is presented in Table 8:

Table 8: Kalana Main Project Mineral Reserve[1,2,3] (March 2016)

Deposit	Classification	Tonnes (Mt)	Grade (g/t Au)	Gold (koz)
Kalana Main	Proven	5.1	3.00	489
Kalana Main	Probable	15.9	2.80	1,431

Kalana Main	Proven + Probable	21.0	2.80	1,920
Tailings	Probable	0.7	1.80	44
Total Proven and Probable		21.7	2.80	1,964

1 - Mineral reserves are disclosed on a total project basis at 100% and defined using a gold price of $1200/oz. Avnel owns an 80% equity interest in SOMIKA, the Malian company that owns the Kalana Exploitation Permit.

2 - Depletion by production is to September 2015. There has been minor production from underground since September 2015.

3 - Mineral reserves are estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), *CIM Definition Standards on Mineral Resources and Reserves* prepared by the CIM Standing Committee on Reserve Definitions and adopted by the CIM Council.

4 - Some amounts in this table may not compute due to rounding and truncation.

Only the Measured Mineral Resource in the saprolite material has been classified as a Proven Mineral Reserve. The Measured Resource in the saprock and fresh material has been classified as a Probable Mineral Reserve.

The Mineral Reserve and the DFS rely on the assumption that there is good geological and grade continuity of the mineralisation. Snowden has relied on the interpretation that there is sufficient geological continuity of economic mineralisation in and along-the-vein perspective at a mining scale of 10 m by 10 m by 5 m. This continuity is consistent with observations from the underground Kalana Gold Mine and provides confidence that high recovery of the diluted Mineral Resource may be achieved.

To view APPENDIX 1 (Figures 1 and 2) and APPENDIX 4 (Table 9) please click on the following link:
http://media3.marketwire.com/docs/0330AVK.pdf

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