ST. PETER PORT, GUERNSEY--(Marketwired - Apr 29, 2016) - Avnel Gold Mining Ltd. ("Avnel" or the "Company") (TSX:AVK) is pleased to announce that the Environmental and Social Impact Assessment ("ESIA") and the associated Environmental and Social Management Plan ("ESMP") for the development of the Kalana Main Project has been approved by the Malian authorities. Approval of the ESIA was the key government approval required to advance the Kalana Main Project towards the construction phase as the exploitation permit had been granted previously.

"We are delighted to have received approval of the ESIA for Kalana Main, which is a major milestone, as the project is now effectively 'shovel ready'. We continue to advance the project with the goal of being in a position to consider a construction decision this year," stated Mr. Howard Miller, Avnel's CEO and Chairman and the Chairman of Société d'Exploitation des Mines d'Or de Kalana, S.A. ("SOMIKA").

"We wish to thank the government authorities' outstanding attention to rapidly facilitating the ESIA process," stated Mr. Abdoul Karim Maiga, Avnel's In-Country Manager and a director of SOMIKA. "We also thank the Town of Kalana and the surrounding communities for their unwavering support."

Kalana Main Project

On March 30, 2016, the Company reported a summary of the results of a feasibility study for the Kalana Main Project in south-western Mali, West Africa (the "Feasibility Study"). On a 100% ownership basis and utilising a constant gold price of $1,200 per ounce, the Kalana Main Project has an unlevered internal rate of return ("IRR") of 38%, a net present value ("NPV") of $196 million at an 8% discount rate ($257 million at a 5% discount rate), and an undiscounted payback period of initial capital of 1.2 years. All amounts are in United States dollar.

The Proven and Probable Mineral Reserve for the Kalana Main Project is 21.0 million tonnes at an average grade of 2.8 grams of gold per tonne ("g/t Au") containing 1.96 million ounces of gold. The total Measured and Indicated Mineral Resource for the Kalana Main Project is 23.7 million tonnes at an average grade of 4.07 g/t Au containing 3.10 million ounces at a cut-off grade of 0.9 g/t Au.

Avnel has an 80% equity interest SOMIKA, the holder of the Kalana Exploitation Permit, which contains the Kalana Main Project. The Malian Government holds a beneficial interest in the remaining 20% of SOMIKA, which has free-carry rights.

ESIA Approval

The ESIA is the culmination of more than two years of environmental baseline studies, engineering studies conducted as part of the Feasibility Study, archaeological and cultural heritage studies, water management studies, ecological studies, social baseline studies, and comprehensive community consultations. Additionally, the development of the Kalana Main Project has been overwhelmingly endorsed by the Town of Kalana and the surrounding communities.

The ESIA and other related documentation were submitted to the Malian authorities for review in the first quarter of 2016 and were approved by the Ministry of Environment and Sustaining Development on April 28, 2016. The approval of the ESIA was the key government approval required to advance the Kalana Main Project towards the construction phase as the Kalana Exploitation Permit was awarded to Avnel in 2003 with an initial term of 30 years. The only significant government approval required to develop new mines on the permit is an ESIA and the associated ESMP.

Next Steps on the Path to Production

The Company continues to advance the Kalana Main Project towards a construction decision through its 80% ownership in SOMIKA. The ESIA and related documentation have 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 intent of pursuing international financing for the development of the Kalana Main Project. The Company is actively engaged in early discussions with banks, financial institutions, the Company's major shareholders, and other mining companies for this financing.

As a result of these activities, the Company anticipates that the Kalana Main Project will be sufficiently advanced to consider a construction decision during 2016, subject to the availability of adequate financing on a timely basis.

The Company plans to file a *National Instrument 43-101 Standards for Disclosure for Mineral* Projects ("NI 43-101") compliant technical report in support of the Feasibility Study and the ESIA on SEDAR by no later than May 14, 2016.

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 most recently completed 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 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 "NI43-101 Technical Report on Kalana Main Project", dated effective 1 April 2016 (the "Kalana Technical Report"), prepared by Snowden Mining Industry Consultants (Pty) Ltd. ("Snowden"), Denny Jones Ltd ("Denny Jones"), DRA Projects SA (Pty) Ltd ("DRA") and Epoch Resources (Pty) Ltd ("Epoch Resources"). The Kalana Technical Report was prepared under the supervision of Mr. Allan Earl (Executive Consultant - Mining Engineering of Snowden), Mr. Ivor Jones (Executive Consultant - Applied Geosciences of Denny Jones), Mr. Glenn Bezuidenhout (Principal Process Engineer of DRA), Mr. Sybrand van der Spuy (Civil Engineer of DRA), Mr. Guy Wiid (Principal Consultant - Tailings and Waste Rock Facilities of Epoch Resources), and Mr. Stephanus (Fanie) Coetzee (Principal Consultant - Environmental and Social of Epoch Resources), all of whom 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, which contains the Kalana Main Project, the Kalana Mine, plus a number of mineral exploration prospects. The Company plans to file the Kalana Technical Report in support of the Feasibility Study and the ESIA on SEDAR by no later than May 14, 2016.

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