Avnel Adds Third Drill Rig and Increases Drill Program to 30,000 m at Kalana Main

ST. PETER PORT, GUERNSEY, May 14, 2015 – Avnel Gold Mining Limited ("Avnel" or the "Company") (TSX: AVK has filed its Consolidated Financial Statements and related Management Discussion & Analysis ("MD&A") for the three-month period ended March 31, 2015. The Company is also announcing that it has added a third drill rig and increased the drill program to 30,000 m over 160 holes (from 23,500 m over 141 holes) at a budgeted cost of $5.3 million (up from $3.8 million) at its flagship Kalana Main Project in south-western Mali.

First Quarter 2015 Highlights

- Commenced a DFS for the Kalana Main project that is scheduled to be completed in the first quarter of 2016
- Initiated a 23,500 m drill program at Kalana Main in support of the DFS
- Announced an updated Mineral Resource Statement for the Kalana Project:
    - Diluted Indicated Mineral Resource of 2.17 million ounces at the Kalana Main deposit (22.1 million diluted tonnes at a diluted grade of 3.06 g/t Au at a 0.9 g/t Au cut-off)
    - Total Indicated Mineral Resources increased 67% to 2.15 million ounces since the PEA (15.2 million tonnes grading 4.40 g/t Au at a 0.9 g/t Au cut-off)
    - Total Inferred Mineral Resource increased 24% to 0.38 million ounces since the PEA (2.18 million tonnes grading 5.33 g/t Au at a 0.9 g/t Au cut-off)
- Appointed Mr. Roy Meade as President
- Appointed Mr. Andrew King and Mr. Keith McCandlish to Avnel's Board of Directors

Subsequent to quarter-end:

- Completed a brokered bought deal financing for gross proceeds of C$12 million
- Added a third drill rig to the Kalana Main DFS drill program
- Increased the Kalana Main DFS drill program to 30,000 m

Outlook

On March 26, 2015, the Company announced that the diluted Indicated Mineral Resource for the Kalana Main deposit had increased to 2.17 million ounces. The Company also reported an updated Exploration Target of 0.7 and 1.0 million ounces (between 5.3 and 6.6 million tonnes grading between 3.9 and 4.7 grams of gold per tonne of material ("g/t Au")), which is outside the Kalana Main Mineral Resource estimate, but contained within a conceptual pit shell.

The aforementioned assessment of potential quantity and grade is conceptual in nature and there has not been sufficient exploration to define a mineral resource and the preliminary economics are not sufficient to support a reasonable expectation for economic extraction. The Exploration Target is largely based on a wide spacing of drill holes. As a result, confidence in this part of the model is not sufficient to define a mineral resource and therefore is currently defined as an Exploration Target rather than as part of the

Mineral Resource for the Kalana Main deposit. It is uncertain if further exploration will result in any portion of the Exploration Target being delineated as a mineral resource.

Following a detailed evaluation of the exploration potential of the updated Mineral Resource estimate and the Exploration Target, the Company has added a third drill rig and increased the drill program to 30,000 metres ("m") over 160 holes (from 23,500 m over 141 holes) at a budgeted cost of $5.3 million (up from $3.8 million). The expanded drill program is expected to be completed in mid-July and is intended to delineate new mineral resources by further defining zones of known mineralisation and testing for new zones of shallow gold mineralisation near existing mineral resources. A plan map of the expanded drill program is presented in Figure 1 near the end of this press release.

Following the receipt of assay results, the Company plans to update the model and report the next revision to the Mineral Resource estimate for the Kalana Main deposit in late September 2015. This mineral resource estimate is expected to form the basis for a Definitive Feasibility Study that is scheduled to be completed in the first quarter of 2016. As a result of a recently completed brokered Bought Deal financing, the Company expects to be adequately funded to complete the DFS.

With respect to the permitting process for a new open pit mine at Kalana Main, the only significant permitting required to develop new mines on the Kalana Exploitation Permit is approval of an Environmental and Social Impact Assessment ("ESIA") for each new mine by the Malian authorities. The Company is currently preparing a new ESIA to meet the requirements of the Equator Principles with the intention of pursuing international financing for construction of a new open pit mine at Kalana Main. The ESIA will be prepared to conform to the requirements of the 2012 International Finance Corporation Performance Standards, Environmental Health Safety guidelines, and other financial institutions that are signatories to the Equator Principles. The requisite baseline studies for the requisite ESIA are scheduled to be completed in mid-2015 and other associated studies, including the Resettlement Action Plan for a portion of the Village of Kalana, are expected to be completed in the fourth quarter of 2015. The ESIA is scheduled to be submitted to the Malian authorities in the fourth quarter 2015 for review and approval, which the Company anticipates receiving near the end of 2015.

As a result, the Company expects for the Kalana Main Project to be sufficiently advanced for the Company to consider a construction decision to develop an open pit mine in 2016, subject to receipt of a positive DFS, approval of the ESIA, and the availability of project financing.

Operations at the small, Soviet-era, underground mine at Kalana were cash flow positive in the first quarter of 2015. Operations benefited from continued weakness in the local currency relative to the dollar that contributed to lower than budgeted operating costs, and significantly higher than budgeted gold production, which 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 partially offset underground exploration expenses and help maintain socio-economic stability in the local community. The Company plans to continue underground mining 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 March 31	
	2015	**2014**
Tonnes milled	12,344	12,347
Gold grade - grams per tonne (g/t Au)	9.4	6.5
Recovery rate - %	81.8	84.0
Gold production - ounces	3,059	2,185
Cost per tonne milled	$218	$269
Operating cost per ounce of gold sold	$803	$1,508
Operating cost per ounce of gold produced	$880	$1,519

Gold production of 3,059 ounces in the quarter to March 31, 2015 was 40% higher than the quarter to March 31, 2014. The increase in production is attributable to a 45% increase in head grade to 9.4 g/t Au in the first quarter of 2015 compared to 6.5 g/t Au in the first quarter of 2014, which was partly offset by lower gold recovery of 81.8% in the first quarter of 2015 relative to 84.0% in the comparative period of 2014.

Financial Results for the Three Months Ended March 31, 2015

The Company has filed its unaudited Consolidated Financial Statements and associated MD&A for the three-month period ended March 31, 2015, which are available on SEDAR and on the Company's website.

A summary of selected quarterly financial information is presented below:

Selected Financial Information
(in thousands of U.S. dollars except per share amounts)

	Three months ended March 31	
	2015	**2014**
Total Revenue	3,087	2,784
Total expenses	3,409	4,868
Other income/(expense)	189	(85)
Net loss	(133)	(2,169)
Net profit/(loss) from continuing operations attributable to owners of the parent	86	(1,684)
Net profit/(loss) per share attributable to owners of the parent	$0.000	($0.009)
Basic weighted average shares outstanding	261,430,124	191,743,724

Balance Sheet

	March 31 2015	Dec 31 2014
Working capital surplus	8,958	9,817
Total assets	23,137	25,930
Total non-current liabilities	8,331	8,593
Shareholders' Equity	26,672	28,072

Results of Operations for the Three Months Ended March 31, 2015

Metal revenues increased to $3,087,000 in the quarter to March 31, 2015 from $2,784,000 in the quarter to March 31, 2014. The increase in revenue is a result of an 19% increase in ounces sold from 2,135 ounces in the quarter to March 31, 2014 relative to 2,539 ounces in quarter to March 31, 2015, that was partly offset by a 7% decrease in the realised average sales price of gold from $1,301 per ounce in the quarter to March 31, 2014 to $1,216 per ounce in the quarter to March 31, 2015.

Total expenses reduced by 30% from $4,868,000 in the quarter to March 31, 2014 to $3,409,000 in the quarter to March 31, 2015. The reduction in expenses arose from the strengthening of the US dollar against the CFA and the South African Rand and the finished goods movement. Exploration costs expensed was nil in the first quarter of 2015 compared to $300,000 in the first quarter of 2014. Operating costs per ounce of gold sold for the quarter March 31, 2014 reduced from $1,508 per ounce to $803 per ounce in the quarter to March 31, 2015.

Avnel recorded a net loss of $133,000 ($0.000 attributable profit per share) for the quarter ended March 31, 2015 compared to a net loss of $2,169,000 ($0.009 attributable loss per share) in the quarter to March 31, 2014. Included in quarter to March 31, 2015 is a gain on the fair value of derivative financial instruments of $296,000, arising from the fair value of warrants issued in the third quarter of 2014, compared to nil in March 31, 2014. The fair value accounting gains reported have no cash effect on the Company.

As compared to the balance sheet as at December 31, 2014, Avnel's cash and cash equivalents as at March 31, 2015 decreased by $1,450,000 from $7,709,000 to $6,259,000 arising from cash used in operations and technical studies.

There was a working capital surplus of $8,958,000 as at March 31, 2015 compared to a working capital surplus of $9,817,000 as at December 31, 2014.

Total assets reduced from $25,930,000 as at December 31, 2014 to $23,137,000 at March 31, 2015.

Total non-current liabilities reduced from $8,593,000 as at December 31, 2014 to $8,331,000 at March 31, 2015, mainly on the re-valuation of the liability related to the fair value of derivative financial instruments.

Total stockholders' equity reduced to $26,672,000 as at March 31, 2015 from $28,072,000 as at December 31, 2014.

Associated Documents
This press release should be read in conjunction with the Company's interim consolidated financial statements for the three-month periods ended March 31, 2015 and March 31, 2014 and associated Management's Discussion and Analysis ("MD&A"), 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 km^2 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 in the first quarter of 2016.

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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.

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) on March 31, 2014.

TECHNICAL INFORMATION

Except where indicated, the disclosure contained or incorporated into this press 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.

Information of an economic, scientific, or technical nature in this press release regarding the March 2015 Mineral Resource estimates (the "March 2015 MRE"), as defined above, is summarised or extracted from reports prepared by Denny Jones Pty Ltd ("Denny Jones"). The March 2015 MRE has an effective date of March 19, 2015 and was prepared by Ivor W.O. Jones, Principal Consultant, at Denny Jones.

The Mineral Resources reported in this press 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 press release arising since the date of the Kalana Technical Report, excluding the September 2014 MRE (as defined in the Company's news release dated October 15, 2014) and March 2015 MRE, 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

"Cash Operating Costs" is a non-GAAP and non-IFRS measure that does not have a standardised meaning prescribed by GAAP or IFRS and there may be some variation in the method of computation to other similarly titled measures of other gold mining companies. "Cash Operating Costs" 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 sold to arrive at "Operating Cash Costs Per Ounce Sold".

"All-in Sustaining Cost Per Ounce" is a non-GAAP and non-IFRS measure that does not have a standardised meaning prescribed by GAAP or IFRS and there may be some variation in the method of computation to other similarly titled measures of other gold mining companies. In the PEA, Snowden calculates "All-in Sustaining Cost" is defined 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 and environmental costs, plus closure costs. These costs are then divided by the number of ounces produced to arrive at "All-in Sustaining Cost Per Ounce".

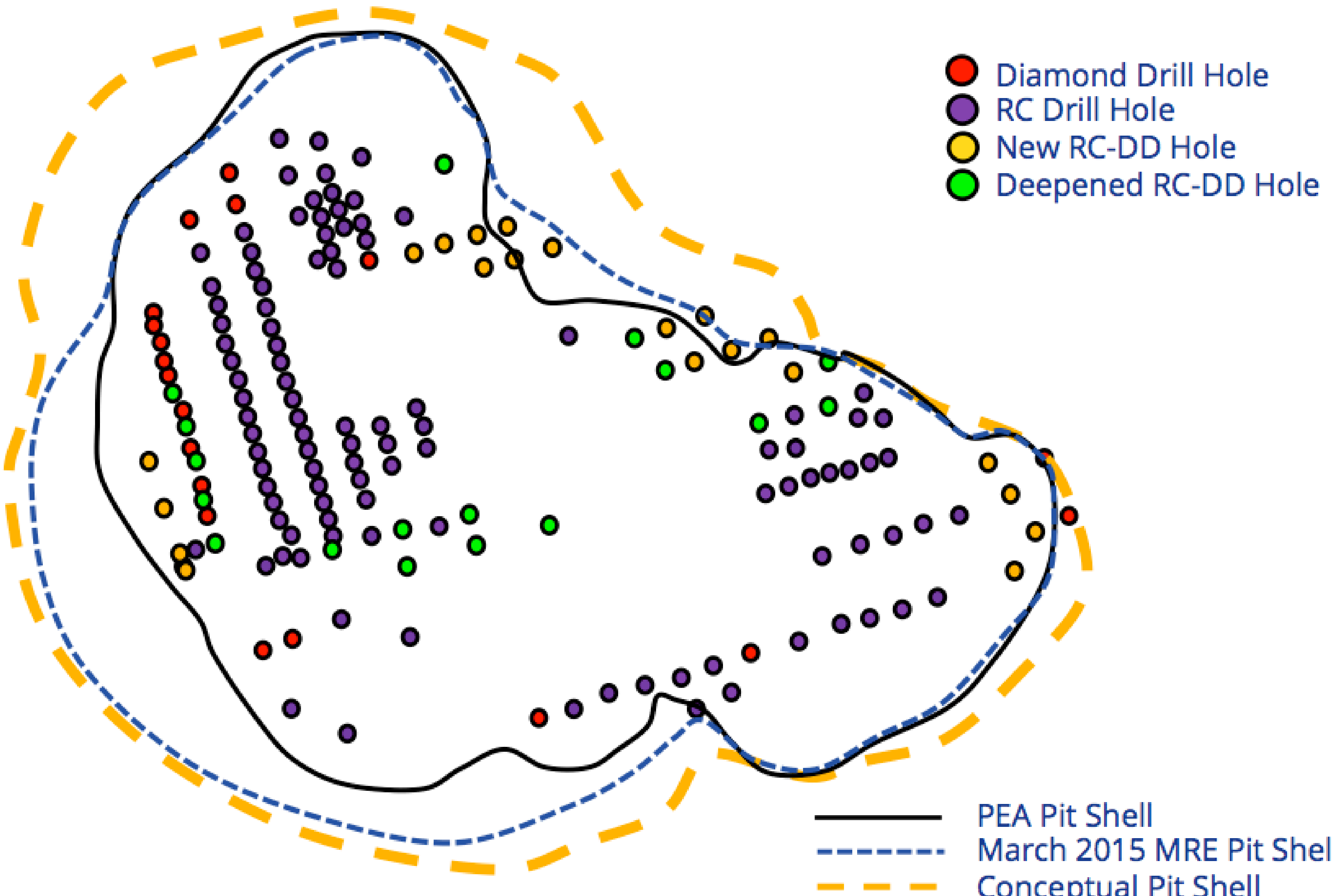

Figure 1: Expanded Drill Program Layout (30,000 m)