AVNEL COMMENCES INFILL AND EXTENSION DRILLING AT KALANAKO DEPOSIT

OPTIMISATION WORK ON THE KALANA MAIN PROJECT CONTINUES

ST. PETER PORT, GUERNSEY, October 17, 2016 – Avnel Gold Mining Ltd. (TSX:AVK) ("Avnel" or the "Company") is pleased to announce that whilst optimisation work and financing negotiations on the Kalana Main Project are ongoing it is commencing an in-fill drilling and exploration programme on the nearby Kalanako Deposit to upgrade the resource classification and extend the size of the current Kalanako resource.

Kalanako drilling programme (Q4 2016 – Q1 2017)

Located less than 3 km northeast of the Kalana Main Project proposed mill site, the Kalanako deposit currently has an Inferred in-situ resource of **0.38 Mt grading 5.55 g/t Au, containing 0.07 Moz of gold.**

"The high-grade and close proximity makes Kalanako our highest priority advanced stage exploration target", stated Howard Miller, Avnel's CEO. "Kalanako with its free digging high-grade ore has the potential to become a low cost, high-grade open-pit satellite deposit delivering additional ore to the strong Kalana Main Project operation proposed in the 2016 DFS."

The current Kalanako maiden mineral resource is based on a wide drill spacing (75m x 25m). The RC infill drilling campaign of 7,000 to 9,000 meters has been designed to improve the grade continuity inside and outside the March 2015 resource pit shells.

"We are confident that this campaign will support the conversion of a meaningful portion of our pit constrained Inferred Resource into the measured and indicated categories. Outside the existing resource pits, this drilling is expected to improve the continuity of grade in the block model and result in an increase to the overall Mineral Resource" added Howard Miller, Avnel's CEO.

Several mineralized trends have been established from RC and diamond drilling at Kalanako, resulting in a single northwest-southeast corridor of 1,500 meters by 250 meters. These mineralized zones are less than 10 meters thick and appear to be steeply dipping, often contain high-grade intercepts near surface, as shown in the following map (Figure 1) and section (Figure 2).

Drilling is expected to start in the beginning of November 2016. Targets of the Kalanako drilling campaign include:

1. Improve grade continuity infilling the in-pit resource to upgrade resource classification.
2. Using historical data as a guide, drill the mineralised zones between these resource pits in order to increase the total amount of resources (as highlighted in Figure 1).

The infill drilling programme will be focused on Kalanako's saprolite and saprock weathered domains, a depth considerably deeper than observed at Kalana Main (drillhole depth of 75-175 meters). Diamond drilling at Kalanako intersected numerous high strain zones, packets of densely laminated quartz veins with sulphides and locally highly altered and mineralised felsic intrusive rocks. Mineralisation is associated with these felsic intrusive rocks or quartz stockwork that occur along northwest-southeast striking shear zones, parallel or less than 10° in azimuth from the main IP boundary between a low and a high IP gradient domain (Figure 3).

A large part of the Kalanako prospect remains undrilled. The drilled portion of Kalanako located at the central part of a 5 km long geophysical structure (Figure 3) defined as a contact between low and high IP gradient domains. Kalanako is open on strike.

Some large collapses above old artisanal underground developments in the north and more modern round digging pits in the south, highlights the continuity of the mineralisation along the main northwest southeast structure.

Future drilling campaigns will target extensions along strike following our low-risk infill program.

The March 2015 Kalanako Mineral Resource Statement was completed by Denny Jones Pty Ltd, at a cut-off grade of 0.9 g/t Au based upon information from 46 diamond drill holes and 232 RC drill holes.

Kalana Regional Exploration Program: (Q4 2016 – Q1-Q2 2017):

In keeping with our corporate strategy, we plan on continuing to add to the quantity and quality of our mineral inventory through exploration work as we progress into construction, with the aim to increase planned production and reduce our total cash cost per ounce.

Based on historical geochemical and geophysical data (SONAREM, Avnel, IAMGOLD) and a field survey of the main historical and traditional mines (i.e. orpaillage), 29 prospects have been identified on the Kalana Permit.

An advanced geochemical survey has been designed to improve the knowledge on 3 to 5 high priority prospects which are at the grassroots level in our exploration pipeline. The work planned will allow us to obtain high resolution geochemical maps in order to locate the potential "ore shoots" for a drilling campaign along the targeted structures.

Regional exploration Objectives:

1. Advanced geochemistry and high resolution (5x5m or 10x10m) geochemical maps of first 3 to 5 high priority regional prospects (work planned in Q4 2016)
2. Regional RC and DD programme on priority prospects chosen from advanced geochemistry (work planned in Q1-Q2 2017)

Update on the Kalana Main Project

- Optimisation work on the Kalana Main Project Definitive Feasibility Study is ongoing
- Evaluation of contractors for EPC contract for process plant and issue of tenders for remaining works
- Negotiations with prospective project financiers continuing
- Front-end preconstruction logistical work underway.

Qualified Person

Exploration programs are conducted under the supervision of Dr. Olivier Féménias, EurGeol 1115, Avnel's Vice-President, Geology. Dr. Féménias, is a Qualified Person as defined by National Instrument 43-101 of the Canadian Securities Administrators.

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.

On March 30, 2016, the Company reported a Mineral Reserve estimate and the results of a Definitive Feasibility Study ("DFS") prepared by Snowden Mining Industry Consultants.

The DFS outlines an 18-year open-pit mine life at the Kalana Main Project recovering 1.82 million ounces of gold at an average "all-in sustaining cost" of $595 per ounce over the first five years of steady state production and $784 per ounce over the life of mine with an initial capital cost of $196 million.

Utilising a gold price of $1,200 per ounce and a 5% discount rate, the DFS reported a net present value ("NPV") of $257 million after-tax and imputed interest, and an internal rate of return ("IRR") of 38% on a 100% project basis.

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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 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 filed the Kalana Technical Report in support of the Feasibility Study and the ESIA on SEDAR on May 6, 2016.

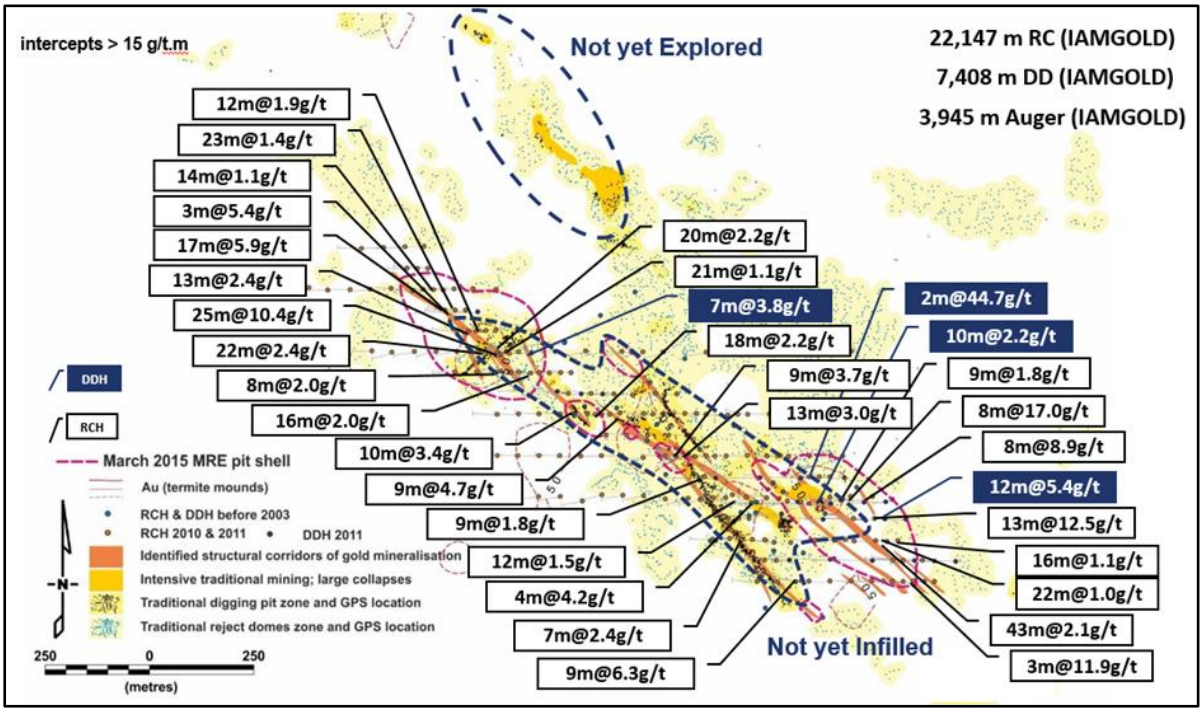

Figure 1: Kalanako mineralisations, drilling pattern and Historical RCH and DDH intercepts.

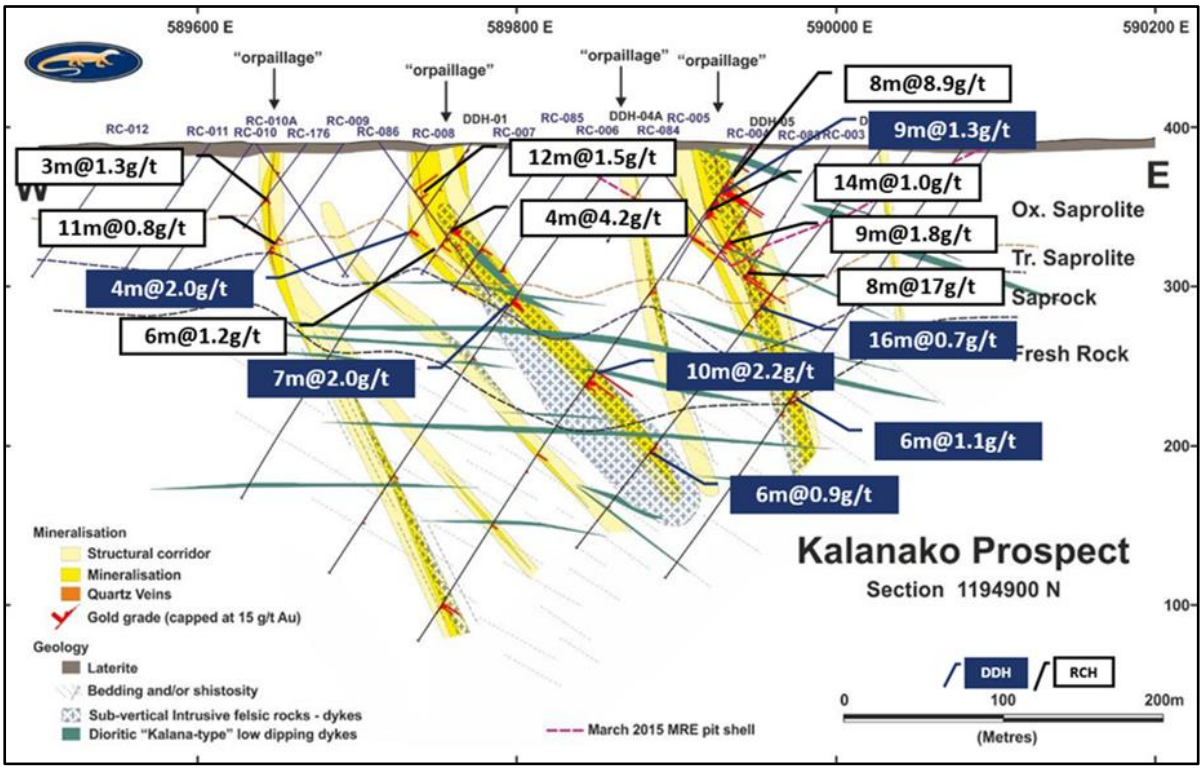

Figure 2: DH gold grades, geological interpretation and Resource pit location of section 1194900N

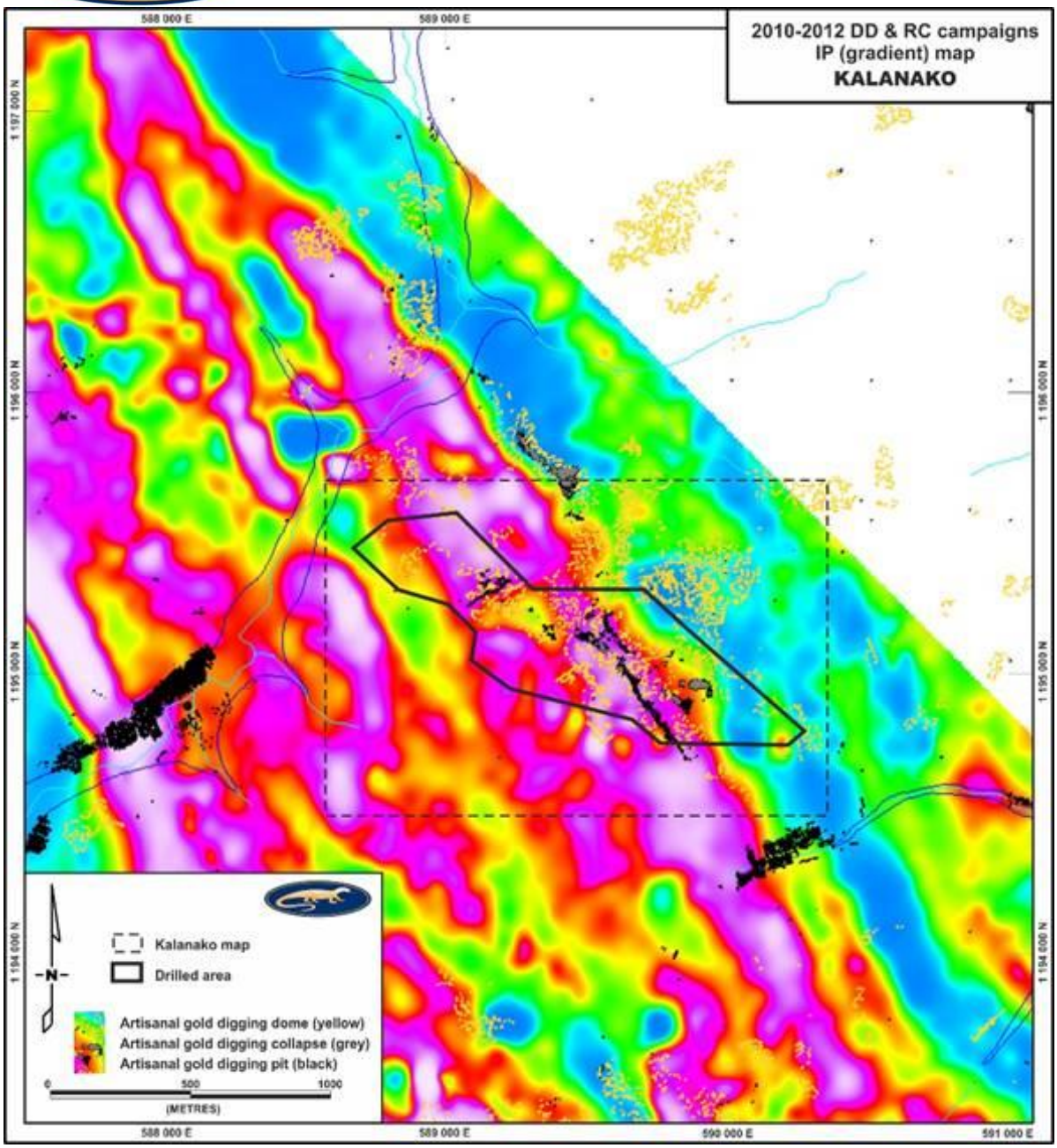

Figure 3 Induced Polarisation (IP) gradient map highlighting the structural location of the Kalanako prospect and the area drilled to date.

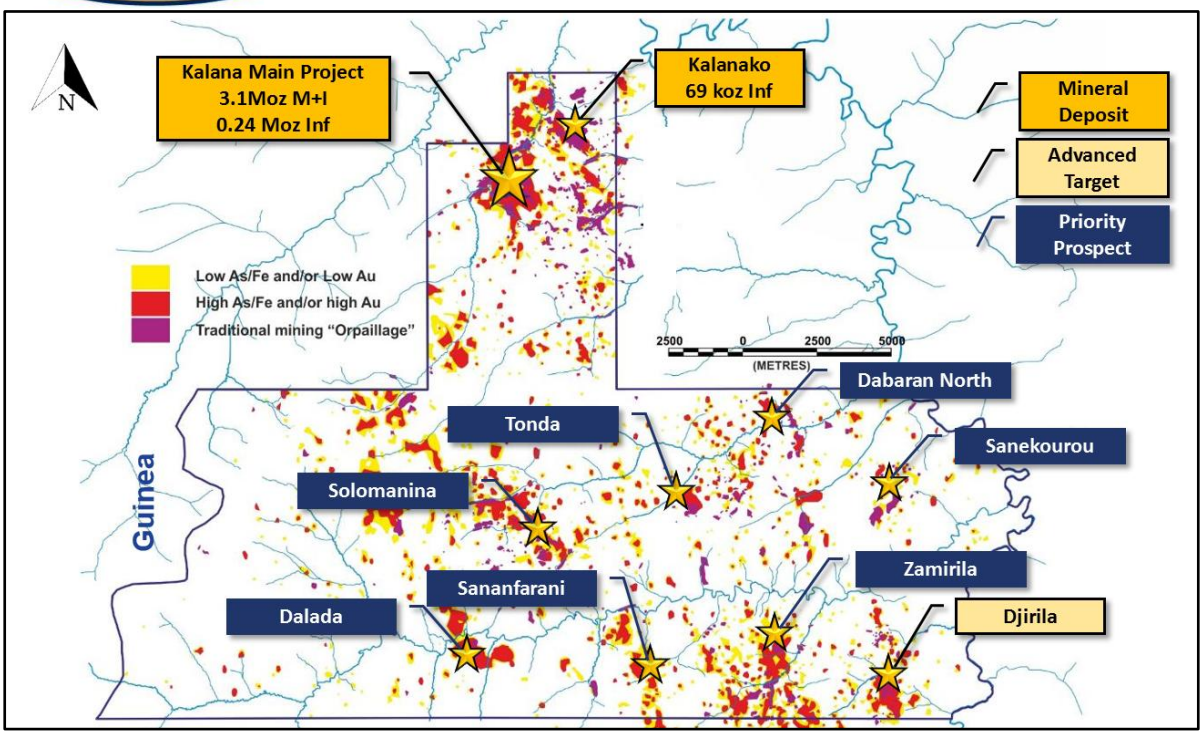

Figure 4: Area of Focus, prospective maps based on gold and arsenic in Termite Mound and traditional "orpaillage" mapping. Advanced geochemistry will be conducted on 3-5 priority prospects.