



Avnel Gold Provides Kalana Main PFS Update and Reports Third Quarter 2014 Results

ST. PETER PORT, GUERNSEY, November 13, 2014 – Avnel Gold Mining Limited (“Avnel Gold” or the “Company”) (TSX: AVK) is pleased to announce that the Preliminary Feasibility Study (“PFS”) for the Kalana Main Project remains on track for completion near the end of 2014. The Company is also announcing that it has reported its financial results for the three and nine-month periods ended September 30, 2014.

“In the third quarter, we completed a series of equity financings to fund the completion of a PFS for the Kalana Main Project in southwest Mali. Subsequent to the end of the quarter, and as part of the PFS, a revised mineral resource estimate reported that pit-constrained Indicated Resources had increased 55% to 2 million ounces of gold at Kalana Main. This new mineral resource estimate is the basis for the PFS, which is on-track to be completed near the end of the year, and will be our first opportunity to declare a Mineral Reserve estimate for our proposed open-pit mine at Kalana,” stated Howard Miller, Avnel Gold’s Chairman and CEO.

“I am also pleased to report that following the end of the rainy season in Mali, we are making preparations to commence a drill program in the first quarter of 2015. The results from this program will be included in the next revision of the Mineral Resource estimate, which will form the basis for a Definitive Feasibility Study that we expect to complete in the fourth quarter of 2015.”

Highlights:

- **Raised gross proceeds of C\$10.4 million to fund the completion of the PFS for the Kalana Main Project, which remains on track to be delivered near the end of 2014**
- **Reported that Indicated Resources increased 55% to 2 million ounces of gold** (13.6 million tonnes grading 4.36 g/t at a 0.9 g/t cut-off)
- **Reported a Diluted Indicated Mineral Resource of 1.96 million ounces of gold** (19.7 million diluted tonnes at a diluted grade of 3.10 g/t at a cut-off of 0.9 g/t)
- **Drill program to extend areas of known mineralization in Q1 2015**

Preliminary Feasibility Update and Outlook

The PFS for the Kalana Main Project is well advanced and remains on track for completion near the end of 2014. Snowden Mining Industry Consultants (“Snowden”), the global mining consultancy that completed a Preliminary Economic Assessment (“PEA”) for the Kalana Main Project in March 2014 is leading the PFS. Snowden is providing mine engineering design services and is supported by several leading consulting firms, all of whom have extensive experience in Mali (and elsewhere in West Africa), including Mr. Ivor Jones of Denny Jones Pty Ltd., the Qualified Person that prepared the Mineral Resource Estimate for the PEA, DRA Global, and Epoch Resources.

On October 15, 2014, the Company announced an updated Mineral Resource estimate for the Kalana Main Project (the “September MRE”) that reported a 55% increase in pit-constrained indicated resources to 2 million ounces, which is summarized below. A significant portion of the

additional pit-constrained Mineral Resources in the expanded September MRE pit shell is largely predicated upon Fire Assay results. Extensive LeachWell re-assay programs at Kalana Main have repeatedly demonstrated that the 50-gram Fire Assays have overstated the average grade of samples relative to the 2-kilogram LeachWell assays by an average of 40%. As a result, the Company plans to submit approximately 8,000 samples for LeachWell analysis with the expectation that the average grade of the portions of the model that do not have significant LeachWell assays will improve.

Drilling and LeachWell assays completed during the first half of 2015 are to be included in the next revision of the Mineral Resource estimate for the Kalana Main deposit, which is scheduled for near the middle of 2015. The next revision of the Mineral Resource estimate is expected to form the basis for a Definitive Feasibility Study that is scheduled to be completed in the fourth quarter of 2015.

With respect to mine operations at the small, Soviet-era underground mine at Kalana, Avnel Gold is forecasting gold production of 2,300 ounces from 12,600 tonnes of ore milled, at an average grade of 7.1 grams of gold per tonne of material ("g/t") in the fourth quarter of 2014. Mill feed is scheduled to consist of 8,000 tonnes of underground material and 4,600 tonnes from surface stockpiles. The primary sources of underground material are scheduled to be from the Veins 1 and 20C, which were developed for mining during third quarter 2014. The Company plans to advance development 200 metres ("m") during fourth quarter of 2014 and first quarter of 2015. Development will continue to focus on the Vein 1 and Vein 20C on or below the 180 m level.

At the end of the third quarter, the Company forecasts that the mineable material accessible from existing mine infrastructure is approximately 31,000 tonnes grading 5.8 g/t containing 6,000 ounces, which assumes the successful and ongoing development of Vein 1, Vein 21 and Vein 20C below 180 m level. At current rates, mine production is scheduled to produce 2,500 tonnes per month until the end of the third quarter of 2015. Following the depletion of underground material, the Company plans to process surface stockpiles. Surface stockpiles are approximately 28,000 tonnes grading 6.0 g/t containing 6,000 ounces, which are expected to provide mill feed into the first half of 2016.

The Company intends to operate the small underground mine at Kalana for as long as feasible while the development program progresses to maintain the social and economic benefits of the mine to the community and to offset the costs of underground pumping.

September Mineral Resource Estimate Summary

The September MRE is effective September 30, 2014 and that supersedes the Mineral Resource estimate prepared as part of the PEA (the "March MRE"). The September MRE was prepared by Mr. Ivor Jones of Denny Jones Pty Ltd, who was previously an Executive Consultant with Snowden and the Qualified Person that prepared the March MRE.

The following table compares the September MRE to the March MRE:

Mineral Resource Estimate Comparison for the Kalana Main Project^{1,2} (100% Project Basis Reported at a 0.9 g/t cut-off utilizing \$1,110/oz)									
	September 2014 MRE			March 2014 MRE			% Change		
	Tonnes (millions)	Grade (g/t)	Ounces (millions)	Tonnes (millions)	Grade (g/t)	Ounces (millions)	Tonnes	Grade	Contained Ounces
INDICATED MINERAL RESOURCES									
Kalana Main	12.9	4.57	1.90	8.5	4.53	1.25	52%	1%	52%
Tailings ³	0.66	1.8	0.04	0.66	1.8	0.04	0%	0%	0%
TOTAL	13.6	4.36	1.94	9.2	4.33	1.29	48%	1%	50%
INFERRED MINERAL RESOURCES									
Kalana Main	0.7	4.24	0.10	2.1	3.7	0.25	-67%	13%	-60%

1 - Avnel Gold has an 80% equity interest in SOMIKA, the Malian company that owns the Kalana Exploitation Permit

2 - Mineral Resource Estimate statements for the September 2014 MRE and March 2014 MRE are presented in tables 1 and 2 at the end of this press release

3 - The Kalana tailings are reported at no cut-off as they are expected to be completely mined and reprocessed as per the PEA

As part of the September MRE, a pit-constrained and diluted Indicated Mineral Resource above the diluted cut-off grade of 0.9 g/t was prepared. Utilizing the same modifying factors as the PEA, was estimated at 19.7 million tonnes grading 3.10 g/t (diluted) containing 1.96 million ounces, as detailed in the following table:

Kalana Main Mineral Resource Diluted Estimate - September 2014 (100% Project Basis Above a Diluted Grade of 0.9 g/t)									
	Resource Tonnes	Resource Grade	Internal Dilution	External Dilution	Grade Internal Dilution	Grade External Dilution	Diluted Tonnes	Diluted Grade	Ounces Gold
	(millions)	(g/t)	(%)	(%)	(g/t)	(g/t)	(millions)	(g/t)	(millions)
Indicated Resource	12.7	4.57	16%	34%	0.30	0.26	19.7	3.10	1.96

This diluted Kalana Main Indicated Mineral Resource of 1.96 million ounces, combined with the 40,000 ounces of Indicated Mineral Resource from historic tailings, for a total Indicated Mineral Resource of 2 million ounces, is to form the basis for the PFS.

For additional details on the updated Mineral Resource Estimate for the Kalana Main Project, please see the Company's [press release dated October 15, 2014](#), which is available on the Company's [website](#) and on [SEDAR](#).

Financial Results

Metal revenues reduced to \$2,709,000 in the quarter to September 30, 2014 from \$2,930,000 in the quarter to September 30, 2013. This was as a result of a 5% decrease in gold ounces sold from 2,224 ounces in the quarter to September 30, 2013 to 2,112 ounces in the quarter to September 30, 2014 and a 3% reduction in the realised average sales price of gold from \$1,314 per ounce in quarter to September 30, 2013 to \$1,279 per ounce in quarter to September 30, 2014.

Total expenses reduced 12% from \$5,165,000 in the quarter to September 30, 2013 to \$4,561,000 in the quarter to September 30, 2014. Operating costs per ounce of gold produced for the quarter to September 30, 2014 decreased from \$1,598 per ounce to \$1,494 per ounce arising mainly from reduced gold production.

Avnel Gold recorded a net loss of \$3,079,000 (\$0.012 attributable loss per share) for the quarter to September 30, 2014, compared to a net loss of \$1,766,000 (\$0.004 attributable loss per share) in the comparative period in 2013.

Included in the September 2014 quarter is an accounting finance loss on the fair value of derivative financial instruments of \$719,000 compared to nil in the quarter to September 30, 2013. There was also an exchange loss \$498,000 in the September 2014 quarter compared to an exchange profit \$482,000 in the comparative period in 2013. This was due to the strengthening of the US dollar against the CFA franc and Canadian dollar.

Avnel Gold's cash and cash equivalents increased by \$5,786,000 in the quarter to September 30, 2014 from \$2,980,000 to \$8,766,000. This arose from the net proceeds from the Private Placements of \$8,929,000 partly offset by use of funds in operations of \$1,894,000 and capital expenditures of \$1,249,000 that were mainly related to the Kalana Main PFS.

Selected Information for the Three- and Nine-Month Periods Ending September 30
(In thousands of U.S. dollars except per share amounts)

	Three months ended Sept 30		Nine months ended Sept 30	
	2014	2013	2014	2013
Total Revenue	2,709	2,930	8,302	11,811
Total Expenses	4,561	5,165	14,285	15,047
Other (expenses)/income	(1,227)	469	(1,365)	1,791
Net (loss)/profit	(3,079)	(1,766)	(7,348)	(1,445)
Net (loss)/profit from continuing operations attributable to parent	(3,076)	(755)	(6,443)	42
Net (loss)/profit per share attributable to parent	(\$0.012)	(\$0.004)	(\$0.031)	\$0.000
Weighted average shares outstanding	246,538,072	191,743,724	210,209,219	192,596,933

Balance Sheet	Sept 30, 2014	Sept 30, 2013	Dec 31, 2013
Working capital surplus	11,219	10,854	8,629
Total assets	27,883	28,491	26,524
Shareholders' equity	31,915	32,829	31,845

Associated Documents

This press release should be read in conjunction with the Company's interim consolidated financial statements for the three and nine-month periods ended September 30, 2014 and September 30, 2013 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 km² 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 adjusted "all-in sustaining cost" of \$577 per ounce with an initial capital cost of \$149 million. Utilizing 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 Preliminary Feasibility, which is scheduled to be completed near the end of 2014.

For further information, please contact:

Howard Miller

Chairman and CEO

Phone: +44 207 589 9082

UK Mobile: +44 07768 696129

Canadian Mobile: +1 416 726 8174

Email: howard@hbmiller.co.uk

Jeremy Link

Vice-President, Corporate Development

Phone : +1 (647) 692-5460

Email: jlink@avnelgold.com

www.avnelgold.com

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 categorized as Mineral Reserves; thus, there is no certainty that the economic benefits indicated in the PEA will be realized. 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 utilizing 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 and Qualified Person/Quality Control Notes

Technical information in this publication regarding the Mineral Resource Estimate and Preliminary Economic Assessment regarding the Kalana Main Project is summarised or extracted from technical reports prepared by Snowden Mining Industry Consultants (Pty) Ltd ("Snowden") entitled "Kalana Mineral Resource Estimate and Preliminary Economic Estimate" dated 31 March 2014. The Technical Report was prepared by Allan Earl, Executive Consultant, and Ivor Jones, Executive Consultant, each of whom are independent "Qualified Person" as such term is defined in National Instrument 43-101 -Standards of Disclosure for Mineral Projects. The full text of the Technical Report is available for review on SEDAR (www.SEDAR.com).

Technical information in this publication arising subsequent to the date of the Technical Reports, if any, regarding the Kalana Main Project and the Kalana Permit is provided by Avnel management under the supervision of Roy Meade, a Company director, and Dr. Olivier Femenias, VP Geology, both of whom are a non-independent "Qualified Person" as such term is defined in National Instrument 43-101.

Non-IFRS Measures

"Cash Operating Costs" is a non-GAAP and non-IFRS measure that does not have a standardized 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 standardized 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".

Table 1: Kalana Main Mineral Resource Estimate (30 September 30 2014)

Pit-Constrained In Situ Mineral Resources 0.9 g/t Au cut-off (\$1,110/oz Au)	Indicated Resources			Inferred Resources		
	Tonnes (millions)	Grade (g/t Au)	Ounces (millions)	Tonnes (millions)	Grade (g/t Au)	Ounces (millions)
Kalana Main	12.9	4.57	1.90	0.7	4.24	0.10
Kalana Tailings	0.7	1.8	0.04			
Kalana Main Project(100%)	13.6	4.36	1.94	0.7	4.24	0.10

Notes on Kalana Main September 2014 Mineral Resources:

1.The Kalana Main and Kalana Tailings Mineral Resources estimates are as at 30 September 2014. Mineral Reserves and Mineral Resources are disclosed on a total project basis at 100%. Avneel Gold owns an 80% equity interest in SOMIKA, the Malian company that holds the Kalana Exploitation Permit. The State of Mali has a 20% free-carried equity interest in SOMIKA.

2.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. These Mineral Resources were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), *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.

3.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.

4.Tonnages are metric tonnes are rounded to the closest "0.0" million tonnes. Grades are rounded to the closest "0.00" and contained gold is reported as troy ounces. All reported grades and tonnes are prior to dilution. Some figures may not compute due to rounding and truncation errors.

5.No cut-off has been applied to the tailings as all tailings are proposed to be treated according to the PEA.

6.Mineral Resources for Kalana Main are reported above a cut-off of 0.9 g/t Au, as derived in March 2014 PEA, and were estimated by Ivor W.O. Jones, who is recognized as a Qualified Person for the purposes of NI 43-101. Grades were estimated using Multiple Indicator Kriging (MIK).

Table 2: Kalana Main Mineral Resource Estimate (31 March 2014)

Pit-Constrained In Situ Mineral Resources 0.9 g/t Au cut-off (\$1,110/oz Au)	Indicated Resources			Inferred Resources		
	Tonnes (millions)	Grade (g/t Au)	Ounces (millions)	Tonnes (millions)	Grade (g/t Au)	Ounces (millions)
Kalana Main	8.5	4.53	1.25	2.1	3.76	0.25
Kalana Tailings	0.66	1.8	0.04			
Kalana Main Project (100%)	9.2	4.33	1.29	2.1	3.76	0.25

Notes on Mineral Resources:

1.The Kalana Main Pit and Kalana Tailings resource estimates are as at 31 March 2014. Mineral Reserves and Mineral Resources are disclosed on a total project basis at 100% and at an implied net interest of 80% to Avneel Gold, which owns an 80% equity interest in SOMIKA, the Malian company that holds the Kalana Exploitation Permit.

2.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. These mineral resources were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), *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.

3.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.

4.Tonnages are metric tonnes and are rounded to the closest "0.0" million tonnes. Grades are rounded to the closest "0.00" and contained gold is reported as troy ounces. All reported grades and tonnes are prior to dilution.

5.No cut-off has been applied to the tailings as all tailings are proposed to be treated according to the PEA.

6.Mineral Resources for Kalana are reported above a cut-off of 0.9 g/t Au and were estimated by Ivor W.O. Jones, who is recognized as a Qualified Person for the purposes of NI 43-101. Grades were estimated using Multiple Indicator Kriging (MIK).

7.For additional technical information, please refer to the NI 43-101 compliant technical report or the Company's most recent AIF, which are available on SEDAR.