Avnel reports Indicated Mineral Resources of 119,000 oz of gold at a diluted grade of 3.34 g/t at the Kalanako deposit at $1,400/oz

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ST. PETER PORT, June 05, 2017 - Avnel Gold Mining Ltd. ("Avnel" or the "Company") (TSX:AVK) is announcing an updated Mineral Resource for the Kalanako deposit located 2.5km northeast of the Kalana Main Project in south-western Mali.

Highlights:

- In Situ Recoverable Mineral Resource increased by 67% with 114,000 oz/Au at a grade of 4.61 g/t at a gold price of $1,400/oz
- The confidence in the previously identified Mineral Resource has been upgraded into Indicated categories
- Local estimates of internal and external dilution have been modelled and used during the whittle evaluation process
- Indicated Diluted Resources of 119,000 oz/Au at a diluted grade of 3.34 g/t Au (Internal and external dilution adds 0.34 Mt at 0.46 g/t for 5,000/oz)

Howard Miller, Avnel's Chairman and CEO said, "I am pleased to report the Mineral Resource for the Kalanako deposit has been increased by two thirds. The 119,000 oz/Au of Indicated resources at a diluted grade of 3.34 g/t Au adds great value to the Kalana Main Project. Over the fact that Kalanako could add up to one year of production with a lower cost free digging high grade material, this result highlights the significant exploration potential of the Kalana permit."

"The addition of Kalanako into our mine plan will profoundly enhance the robust economics displayed in our optimized feasibility study. The Whittle 4X optimisation suggests that, at a $1,400 gold price, the net undiscounted cash flow generated from Kalanako ore processed by the proposed Kalana Main milling facilities would be in the order of US$70 million before additional capital costs. To date, we have tested only 700m (true distance) of the 5.2km geophysical structure. We are highly confident that with today's updated Kalanako resource, Avnel is in the early stages of the identifying true size of the deposit," Miller added.

Kalanako drilling database and previous estimate

Located less than 3 km northeast of the Kalana Main Project and the milling facilities proposed in the Optimised Definitive Feasibility Study, the Kalanako prospect is an area of historic traditional mining activity (Figures 1 & 2). Several mineralised trends have been established from RC and diamond drilling at Kalanako, resulting in a single northwest-southeast corridor of 1,500m by 250m. These mineralised zones are typically less than 5-15m wide and appear to be steeply dipping to the northeast, and often contain high-grade intercepts in the oxide part of the deposit (Figure 3 & 4).

The vertical depth of saprolite and saprock is between 70m and 130m, much deeper than that observed at Kalana. Diamond drilling at Kalanako intersected numerous high strain zones, packets of densely laminated quartz veins or vein stockwork 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 geophysical structure illustrated by the magnetic and IP surveys.

The March 2015 Mineral Resource for the Kalanako deposit was based upon information from 46 diamond drill holes and 232 RC drillholes (Figure 1). Historical drill-hole intersections were independently summarised and press-released in October 2016. The Kalanako Mineral Resource Statement completed by Denny Jones (Pty) Limited, has been reported above a cut-off grade of 0.9 g/t Au, and is summarised as follows:

- March 2015 Inferred in-situ resource of 69,000 ozs (0.38 Mt grading 5.55 g/t Au)

An infill drilling programme of 8,635 meters (82 RC holes, Figure 1) was successfully completed in December 2016, on time and on budget and with an excellent productivity and safety record (no Lost Time Injury). This programme was focused on the saprolite and saprock weathered domains (drill-hole depth of 50-175m). The Kalanako 2016 drilling campaign was initially designed to improve grade continuity infilling the in-pit resource in order to upgrade resource classification. Using historical data as a guide, additional holes had been considered to collect information for the mineralised zones between these resource pits in order to increase the total amount of resources. Drill-Hole intersections were independently summarised and press-released in February and March 2017.

Kalanako May 2017 Mineral Resource Estimate

The pit-constrained in situ Mineral Resource for Kalanako has increased by two thirds to 114,000 oz/Au since 2015 while maintaining a recoverable cut-off grade of 0.9 g/t Au and utilising a lower gold price of $1,400/oz (down from $1,500/oz) to define the limits of the mineral resource. This increase is attributable to a 67% increase in contained ounces, a 103% increase in tonnes, and a 17% decrease in average grade relative to the March 2015 MRE. The increase to the in situ Mineral Resource is largely attributable to the expansion of the pit shell (Figures 1 & 2) as a result of better intersections from the 2016 DH database and the 2016 drilling into central and south portions of the deposit outside the previous resources pit shell (Figure 1). The decrease in grade is directly attributable to the more dense drilling pattern, which has constrained the grade better than in the 2015 block model. The more dense drilling pattern and the better grade continuity is at the origin of the significant upgrading of the Inferred Mineral Resource into the Indicated category, which demonstrates a significant increase in the overall confidence in the Mineral Resource.

Kalanako In Situ Mineral Resource Estimate Above a 0.9 g/t Au Cut-off Grade

Mineral Resource Classification	Tonnes (million tonnes)	Grade (g/t Au)	Contained Gold (thousand oz)
Measured	-	-	-
Indicated	0.77	4.61	114
Measured + Indicated	0.77	4.61	114

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

Kalanako May 2017 Diluted Mineral Resource Estimate and cut-off grades

An important contribution to the Mineral Resource estimation process since March 2015 is an improvement to the estimation of dilution. The addition of estimated local dilution compared to the global dilution assumption of 35% utilised in 2015 has resulted in the exclusion of some lower grade and narrow mineralisation and improvement of the most robust wide mineralisations. From the drilling information, significant intersections (SID) were defined where the grade of the intersection exceeded the cut-off grade being examined whilst incorporating no more than two metres of dilution within the intersection. This allowed an assessment of internal dilution expected in a mining package by comparing the total number of metres within the SID intercepts with the number of metres from the one metre composite assay data exceeding the cut-off grade from the same drill data. Once significant intersections had been defined (inclusive of internal dilution), 0.5m (0.25m true thickness) was added to the top and bottom of the SID intersections to form SIDEX intersections (inclusive of external dilution).

As detailed in the tables below, the pit-constrained diluted Indicated Mineral Resource above the diluted cut-off grade is currently estimated at 1.11 Million tonnes at a diluted grade of 3.34 g/t Au containing 119,000 ozs with an estimated global dilution of 44%. Internal and external dilution adds 0.34 Mt at 0.46 g/t (5,000/oz) to the in situ recoverable resource.

A breakdown of the diluted Mineral Resource by classification and oxidation state is presented in the following table:

Kalanako Deposit Diluted Mineral Resource Above a 0.9 g/t Au Cut-off Grade

	Tonnes (million tonnes)	Grade (g/t Au)	Contained Gold (thousand oz)
INDICATED RESOURCE			
Laterite + Mottled zone	0.02	3.37	2
Saprolite	0.88	3.33	94
Saprock	0.21	3.39	23
TOTAL	1.11	3.34	119

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

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

The Kalanako recoverable resource has been modelled for a range of cut-off grades from 0.7 g/t Au to 0.9 g/t Au. Each model has received is own dilution model based on the significant intersection approach previously developed for the Kalana Main deposit. Resulting whittle optimisations have shown a strong stability of the resource no matter which cut-off grade is chosen to define the recoverable resource. In the absence of a more detailed study of the Kalanako mineralisation, the 0.9 g/t Au cut-off grade has been chosen for consistency with the March 2015 mineral resource as previously reported.

Kalanako Mineral Resource Dilution Estimate[1,2]

Cut-off Grade (g/t)	Resource Tonnes (million)	Resource Grade (g/t Au)	Internal Dilution (%)	Internal Dilution (g/t Au)	External Dilution (%)	External Dilution (g/t Au)	Diluted Tonnes (million)	Diluted Grade (g/t Au)	Contained Ounces (000)
0.9	0.77	4.61	28.8 %	0.48	11.5 %	0.36	1.11	3.34	119
0.8	0.85	4.28	27.3 %	0.45	10.9 %	0.31	1.20	3.14	121
0.7	0.94	3.93	25.7 %	0.39	10.1 %	0.27	1.30	2.94	123

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

Prospects of Eventual Economic Extraction Criteria & Mineral Resource Classification

All Mineral Resources are pit constrained and are classified as Measured, Indicated, or Inferred Resources 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. The Kalanako deposit is located close to the Kalana Main deposit, and it is expected to incur similar mining and processing costs, and share overhead costs with the Kalana Main Project. External dilution was modelled as 25cm additional skin, which is considered reasonable as Kalanako is 100% weathered, is steeply dipping mineralisation, and could be mined using the 140t scale excavators proposed for Kalana Main.

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 0.9 g/t Au and fall within a Whittle4X evaluation shell that was used to test for the reasonableness of economic extraction. Areas informed by 25m by 32.5m spaced drilling (approximate dimensions) from the Avnel or IAMGOLD drilling, where there is a reasonable level of confidence in the geological information, interpretation and grade estimate, and were estimated with a minimum of 8 samples have been classified as Indicated Resource. Areas where there is no informing data and/or are lower grade material that is outside of the mineralised interpretation or fall outside of the whittle shell are not classified as a part of the Mineral Resource.

Kalanako upside potential

A large part of the Kalanako prospect remains undrilled. The drilled portion of Kalanako (1,500m per 250m oblique corridor) is oblique to the main geophysical structure. It corresponds to only 700m (true distance) of a 5.2km long geophysical structure (Figure 5) defined inter-alia as a sharp contact between low and high IP

gradient domains. The Kalanako resource is open along the structure defined by the geophysical anomaly. Some large collapses above old artisanal underground developments in the north and more modern artisanal pits in the south, and recent quartz sampling results highlight the continuity of the mineralisation and the resulting high potential of this main northwest-southeast 5.2km long structure. Future drilling campaigns would target other areas along the same geophysical structure.

Corporate Exploration Strategy

In addition to the resource defined at Kalanako and at Kalana, we see significant potential to add satellite deposits on our existing permit. Additional resources would allow Avnel to increase the production profile outlined in the DFS-OFS. The mill proposed in Avnel's DFS-OFS can process 25% more saprolite ore than fresh rock due to the relative ease of processing saprolite through the crushing and grinding circuit. As Avnel progresses into construction, it plans on continuing to add to the quantity and quality of its mineral inventory through exploration work focusing on the soft saprolite high grade ore. The aim is to increase planned gold production and reduce the total cash cost per ounce by using satellite targets to supplement the Kalana ore. The high-grade and close proximity to Kalana makes Kalanako our highest priority advanced stage exploration target. Indicative schedules show that the Kalanako saprolite would be mined in preference to lower grade fresh ore from Kalana Main over a two to three-year period. As a supplemental deposit to Kalana Main, Kalanako could help extend the mine life or increase average gold production.

Ongoing Geological Work Progressing Our Exploration Portfolio

As Avnel commences construction on Kalana Main we will be accelerating our regional geology program to progress our portfolio of exploration targets. To date, only 3 of our 30 targets have been partially drill tested. Exploration work is being conducted to evaluate and rank our premier targets.

A first group of 8 prospects (Bandiala, Tonda, Solomanina River, Solomanina Central and Solomanina South, Sanékourou, Dadiougoubala, Dabaran North, Dabaran South and Kodialani, which is the NW extension of Kalanako) have been selected for an advanced geochemical survey. Sampling grids (5x5m or 10x10m) have been implemented to sample the rejected quartz and tailing domes produced by historical and traditional mining activities in order to localise the ore shoot inside these large prospects. A grand total of 10,410 tailing dome samples and 2,425 quartz samples have been collected on 7 of the prospects named above (Dabaran South sampling being in progress). Results from Tonda (823 domes and 26 quartz), Bandiala (1409 domes and 170 quartz) have been fully received while results from Solomanina (2 zones out of 3; 2088 domes and 474 quartz) and Sanékourou (684 domes and 229 quartz) have been partially received. Results received to date were QAQC validated and are very encouraging.

Exploration and QA/QC Programmes

Exploration programmes 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. Strict sampling and QA/QC protocol are followed, including the insertion of standards, blanks, and duplicates on a regular basis as well as laboratory visit by senior geologists. Sample intervals are usually 1.0m. Samples are prepared on site and collected by BIGS Global Burkina SARL ("BIGS Global") and transported to Ouagadougou in Burkina Faso for analysis. Analytical method is a 2-kilogram bottle-roll cyanidation using a LeachWELL catalyst. The leach residues from all samples with a grade in excess of 0.1 g/t Au were prepared by BIGS Global and split to 50 grams and then analysed by standard Fire Assay.

Qualified Persons

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 National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("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.

The mining dilution assumption and the whittle optimisation processed to generate the $1,400/oz pit shell used to constrain the resource estimate has been supervised by Mr. Allan Earl, Associateship in Mining Engineering, FAusIMM of Snowden Mining Industry Consultants. Mr. Allan Earl is an independent Qualified Person as defined by NI 43-101. Mr. Earl has reviewed and approved the 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, DSc, 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.

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, high-grade, open pit mining operation. The Company is also advancing exploration on several nearby satellite deposits on the 387 km² 30-year Kalana Exploitation Permit.

On January 9, 2017, the Company reported the results of an Optimized Feasibility Study ("OFS") prepared by Snowden Mining Industry Consultants. The OFS outlines an 18-year open-pit mine life at the Kalana Main Project recovering 1.82 million ozs of gold at an average "all-in sustaining cost" of $561/oz over the first five years of steady state production and $730/oz over the life of mine with an initial capital cost of $171 million. Utilising a gold price of $1,200/oz and a 5% discount rate, the OFS reported a net present value ("NPV") of $321 million after-tax and imputed interest, and an internal rate of return ("IRR") of 50% on a 100% project basis.

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("NI43-101") compliant technical report titled "NI43-101 Technical Report on Kalana Main Project", dated effective 30 March 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 (Pty) Limited), 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.

To view Figure 1: Kalanako Drilling pattern, zones and pit shells, please visit the following link:
http://www.globenewswire.com/NewsRoom/AttachmentNg/22a7f489-fe60-4c9e-92b8-f26127310754

To view Figure 2: Kalanako mineralisations, historical traditional mining and resource pit shells, please visit the following link:
http://www.globenewswire.com/NewsRoom/AttachmentNg/1a5051f9-7e72-4be3-a1b5-89ab639506d3

To view Figure 3: Kalanako section 1195250 (Zone North-West), please visit the following link:
http://www.globenewswire.com/NewsRoom/AttachmentNg/c1f7fffa-0c74-47fb-8dfc-ffc1992c3f22

To view Figure 4: Kalanako section 1194900 (Zone South), please visit the following link:
http://www.globenewswire.com/NewsRoom/AttachmentNg/df5404ab-7ed9-4243-9d77-935370085120

To view Figure 5: Kalanako drilled area and resources on the 5.2km long geophysical trend, please visit the following link:
http://www.globenewswire.com/NewsRoom/AttachmentNg/f7a362c9-9ee3-4241-a08d-d6bf69d8f8e0

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