Avnel Gold
MINING LIMITED
TSX: AVK

AVNEL GOLD MINING LIMITED

ANNUAL INFORMATION FORM

FOR THE YEAR ENDED DECEMBER 31, 2015

MARCH 30, 2016

AVNEL GOLD MINING LIMITED

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ANNUAL INFORMATION FORM
(“AIF”)

AVNEL GOLD MINING LIMITED
(“Avnel” or the “Company”)

EFFECTIVE DATE OF INFORMATION

Unless otherwise indicated, the information in this AIF is current as of March 30, 2016.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This AIF contains “forward-looking statements” within the meaning of Canadian securities laws concerning, among other things, results and developments in the operations and/or financial performance of the Company (including its subsidiaries and their respective projects) in future periods, planned exploration activities, the adequacy of the financial resources of Avnel and other events or conditions that may occur in the future. These forward-looking statements may include statements regarding perceived merit of properties, exploration results and budgets, mineral reserve and mineral resource estimates, work programs, the realisation of mineral reserve estimates, capital expenditures, operating costs, exploration expenditures, cash flow estimates, production estimates and similar statements relating to the economic viability of a project, timelines, strategic plans, including our plans and expectations relating to the development and exploitation of the Kalana Main deposit in south-western Mali, costs, timing, and availability of financing for the development an open-pit mine based on the preliminary economic assessment of the Kalana Main deposit, approval of an environmental and social impact assessment (the “ESIA” as defined herein), the continued operation of, and production at, the existing Kalana Gold Mine (as defined herein), relations with the local communities near the Kalana Project (as defined herein), completion of transactions, market prices for gold, government regulation of exploration, development and mining operations (including taxation and royalty regimes), environmental risks, retention of earnings, reclamation and rehabilitation expenses, title disputes or claims, and limitations of insurance coverage or other statements that are not statements of fact. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management. Statements concerning mineral resource estimates may also be deemed to constitute “forward- looking statements” to the extent that they involve estimates of the mineralization that will be encountered if the Kalana Main Project is developed.

Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, identified by words or phrases such as “expects”, “is expected”, “is expecting”, “budget”, “scheduled”, “forecasts”, “anticipates”, “believes”, “plans”, “projects”, “estimates”, “assumes”, “intends”, “strategy”, “goals”, “objectives”, “potential”, “possible” or variations thereof or stating that certain actions, events, conditions or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of historical fact and may be forward-looking statements.

Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors include, among others, those factors discussed in the section entitled "Risk Factors" in this AIF.

Although the Company has attempted to identify statements containing important factors that could cause actual actions, event or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking information contained herein is made as of the date of this AIF based on the opinions and estimates of management on the date statements containing such forward looking information are made, and the Company disclaims any obligation to update any forward-looking statements or forward-looking information, whether as a result of new information, estimates or opinions, future events or results or otherwise or to explain any material difference between subsequent actual events and such forward-looking statements, except to the extent required by applicable law. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information and statements.

GLOSSARY OF TECHNICAL TERMS

In this AIF, unless otherwise defined or unless there is something in the subject matter or context inconsistent therewith, the following terms have the meanings set forth herein or therein:

"**assay**" means an analysis to determine the presence, absence, and quantity of one or more metallic components.

"**Au**" is the chemical symbol for gold.

"**cut-off**" means the grade above which mineralised material may be considered to be ore.

"**CIM**" means Canadian Institute of Mining, Metallurgy and Petroleum.

"**CIL**" means carbon-in-leach.

"**CRM**" means certified reference material.

"DFS" means the definitive feasibility study for the Kalana Main Project

"**diorite**" means a medium to coarse grained igneous rock consisting essentially of plagioclase (feldspar) with hornblende and small amounts of quartz (10%).

"**dolerite**" means a medium to fine grained basic intrusive rock composed mostly of pyroxenes and sodium-calcium feldspar.

"**duplicate**" means a sample that has been split from another to check the field sampling or laboratory's precision.

“**Earnings Before Interest, Taxes, and Depreciation**” or “**EBITDA**” is a non-IFRS measure that does not have a standardised meaning prescribed by IFRS. EBITDA represents net earnings before interest, taxes, depreciation, and amortization. EBITDA is considered an indicator of a company’s ability to generate liquidity by producing operating cash flow to fund working capital needs, service debt obligations, and fund capital expenditures. There may be some variation in the method of computation to other similarly titled measures of other gold mining companies.

“**fault**” is a geological term that refers to a fracture or zone of fractures in the earth’s crust along which the rock units on each side of the fracture have moved relative to one another.

“**feasibility study**” means a comprehensive study of a deposit in which all geological, engineering, operating, economic and other relevant factors are considered in sufficient detail that it could reasonably serve as the basis for a final decision by a financial institution to finance the development of the deposit for mineral production.

“**fresh rock”** means rock that has not undergone any weathering.

“**g**” means grams.

“**g/t**” means grams per tonne of material, which is equivalent to 1 ppm.

“**g/t Au**” means grams of gold per tonne of material

“**geochemical**” means trace quantities of elements of a certain area.

“**geophysical surveys**” means studies conducted to measure the physical characteristics of a certain area.

“**grade**” is a term used to indicate the concentration of an economically desirable mineral or element in its host rock as a function of its relative mass. With gold, this term may be expressed as grams per tonne (g/t) or ounces per tonne (opt).

“**IFRS**” means International Financial Reporting Standards, the accounting principles used by the Company.

Indicated Mineral Resource: As defined by the *CIM Definition Standards (2010)*, that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

Inferred Mineral Resource: As defined by the *CIM Definition Standards (2010)*, that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

"**kg**" means kilograms.

"**kg/m**" means kilograms per metre.

"**km**" means kilometres.

"**km^2**" means square kilometres.

"**kW/h**" means kilowatts per hour.

"**lateritic**" means highly weathered red subsoil or material rich in secondary oxides of iron, aluminium, or both, nearly devoid of bases and primary silicates, and commonly associated with quartz and kaolinite.

"**leach**" is the dissolution of soluble constituents from a rock or ore body by the natural or artificial action of percolating solutions.

"**lithology**" means that branch of geology that deals with the classification of geological units into chronologic order.

"**lithologies**" means the rock types present in a stratigraphic sub-division.

"**m**" means metres.

"**metasediments**" means sedimentary rocks altered by heat, pressure or chemically active fluids.

"**mineralisation**" refers to the presence of a mineral of economic interest in a rock.

Measured Mineral Resource: As defined by the *CIM Definition Standards (2010)*, that part of a Mineral Resource for which quantity, grade or quality, densities, shape, physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.

"**Mineral Reserve**" is the economically mineable part of a Measured or Indicated Mineral Resource demonstrated by at least a Preliminary Feasibility Study. The study must include adequate information on mining, processing, metallurgical, economics and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A Mineral Reserve includes diluting materials and allowances for losses that occur when the material is mined and processed.

"**Mineral Resource**" is a concentration or occurrence of natural, solid, inorganic or fossilised organic material in or on the earth's crust in such form and quantity and of such grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. The term "Mineral Resource" covers mineralisation and natural material of intrinsic economic interest which has been identified and estimated through exploration and sampling and within which Mineral Reserves may subsequently be defined by the consideration and application of technical, economic, legal, environmental, socio-economic and governmental factors. The phrase "reasonable prospects for economic extraction" implies a judgment by the Qualified Person in respect of the technical and economic factors likely to influence the prospect of economic extraction. A Mineral Resource is an inventory of mineralisation that under realistically assumed and justifiable technical and economic conditions might become economically extractable. The term "Mineral Resource" used in this AIF is a Canadian mining term as defined in accordance with NI 43-101 under the guidelines set out in the Canadian Institute of Mining, Metallurgy and Petroleum (the "CIM") *Standards on Mineral Resource and Mineral Reserves Definitions* and guidelines adopted by the CIM Council on August 20, 2000 (the "CIM Standards").

"**Mpta**" means millions of tonnes per annum.

"**NI 43-101**" means *National Instrument 43-101 – Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators*.

"**NSR**" means Net Smelter Return royalty, consisting of a payment made by a producer of metals based on the value of the gross metal production from the property, less deduction of certain limited costs including, but not necessarily limited to, smelting, refining, transportation and insurance costs.

"**open pit**" means a surface working pit open to daylight, such as a quarry.

"**ore**" means a natural aggregate of one or more minerals which, at a specified time and place, may be mined and sold at a profit, or from which some part may be profitably separated.

"**ounce**" or "**oz**" is a measure of weight for precious metals, correctly troy ounces, which weigh approximately 31.1 grams

"**ppm**" means parts per million.

"**Probable Mineral Reserve**" means the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.

"**Proven Mineral Reserve**" means the economically mineable part of a Measured Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified.

"**Qualified Person**" or "**Qualified Persons**" has the meaning given to such term in NI 43-101

"**QA/QC**" means quality assurance / quality control

"**RC**" means Reverse Circulation, a style of drilling which yields rock chips rather than a core.

"**ROM**" means Run of Mine, ore bearing rock directly derived from the mining process.

"**sample**" means a small amount of material that is supposed to be typical or representative of the object being sampled.

"**saprock**" means rock that is in the transitional zone between saprolite and fresh rock.

"**saprolite**" means the soft, earthy, typically clay-rich, thoroughly decomposed rock, formed in place by chemical weathering of igneous, sedimentary, and metamorphic rocks. It may form a layer or cover as much as 100m thick. It is one of the recognised units of the weathering profile of West Africa.

"**sedimentary**" means a rock formed from cemented or compacted sediments.

"**sediments**" means the debris resulting from the weathering and break-up of pre-existing rocks.

"**stockwork**" mean mineral deposits consisting of a three-dimensional network of planar to irregular veinlets closely enough spaced that the whole mass can be mined.

"**stratigraphies**" means rock strata that can be correlated and classified into units based on age and their environment of formation.

"**t**" means tonnes.

"**tpd**" means tonnes per day.

"**tailings**" means the material that remains after recoverable metals or minerals of economic interest have been removed from ore through milling.

"**Technical Report**" means a report prepared by a qualified person in terms of *National Instrument 43-101 Standards for Disclosure for Mineral Projects*.

"**tonne**" means a metric tonne, being 1,000 kilograms (2,204 pounds).

CURRENCY INFORMATION

All dollar amounts in this AIF are expressed in United States dollars ("$" or "US dollars" or "US$"), unless stated otherwise. References to "C$" are to Canadian dollars and "€" are to the euro, the official monetary unit of the Eurozone.

TECHNICAL INFORMATION

Except where indicated, the disclosure contained or incorporated into this AIF of an economic, scientific or technical nature, has been summarised or extracted from the PEA (as defined below) and 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 preliminary economic assessment prepared by Snowden (the "PEA") and 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". Readers should consult the Kalana Technical Report to obtain further particulars regarding the Kalana Project, which contains the Kalana Main Project (as defined herein), the underground Kalana Gold Mine (as defined herein), plus a number of mineral exploration prospects. 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 AIF regarding mineral resources subsequent to the Kalana Technical Report is summarised or extracted from reports prepared by Mr. Ivor W.O. Jones, Principal Consultant, of Denny Jones Pty Ltd ("Denny Jones").

Information of an economic, scientific, or technical nature in this AIF that is identified as being summarized or derived from the DFS, including such information included in the section entitled "The Kalana Project – Kalana Main Definitive Feasibility Study" has been prepared under the supervision of one or more of the following Qualified Persons, each of whom has reviewed and approved the contents of the section of this AIF entitled "The Kalana Project – Kalana Main Definitive Feasibility Study": Mr. Ivor Jones of Denny Jones, Mr. Allan Earl of Snowden and Mr. Glenn Bezuidenhour of DRA Projects (Pty) Ltd., each of whom is an independent Qualified Person, and Mr. Roy Meade, the Company's President, and Dr. Olivier Féménias, the Company's Vice-President, Geology, both of whom are non-independent Qualified Persons.

Information of a scientific or technical nature in this AIF arising since the date of the Kalana Technical Report has been prepared under the supervision of Mr. Roy Meade, the Company's President, and Dr. Olivier Féménias, the Company's Vice-President, Geology, both of whom are non-independent "Qualified Persons".

Readers are cautioned that the summary of technical information in this AIF should be read in the context of the qualifying statements, procedures and accompanying discussion within the complete Kalana Technical Report and the summary provided herein is qualified in its entirety by the Technical Report. Capitalized and abbreviated terms appearing in the following summary and not otherwise defined herein shall have the meaning ascribed to such terms in the Kalana Technical Report.

Mineral resources reported in this AIF have been classified within the meaning of the CIM *Definition Standards for Mineral Resources and Mineral Reserves* (November 2010). Mineral resources may be affected by further infill and exploration drilling that may result in increases or decreases in subsequent resource estimates. Mineral resources may also be affected by subsequent assessments of mining, environmental, processing, permitting, taxation, socio-economic, and other factors. 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.

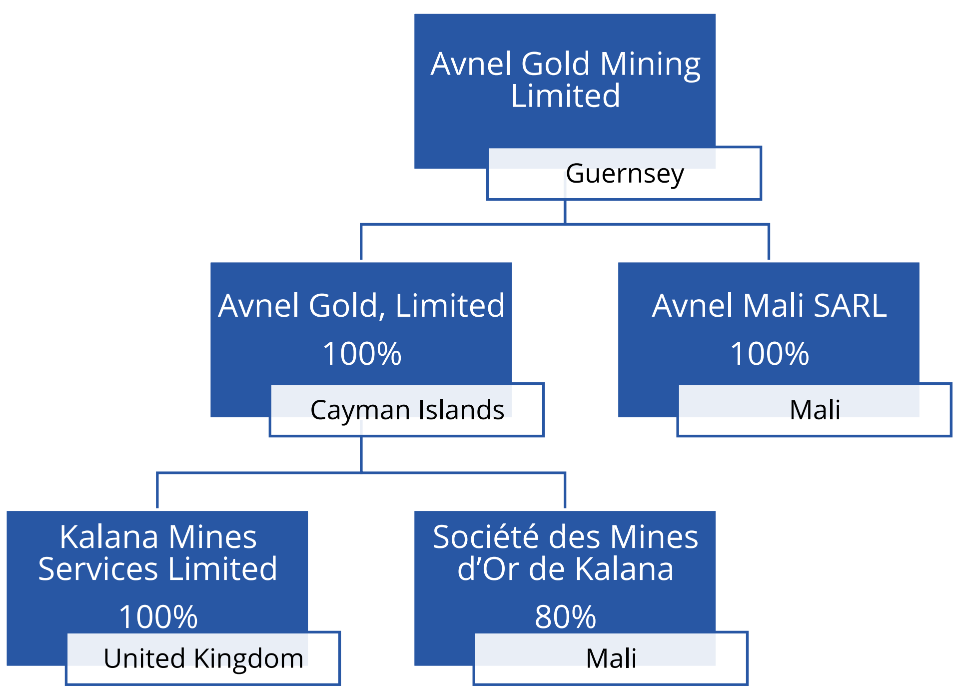
CORPORATE STRUCTURE

Name and Incorporation

Avnel is a company incorporated under The Companies (Guernsey) Laws 1994 to 2001 (the "Guernsey Act") on February 18, 2005. Avnel (as amended) was established for the purpose of becoming the holding company for, and to carry on the business of, Avnel Gold, Limited ("Avnel Cayman"), a corporation incorporated under the laws of the Cayman Islands, pursuant to a reorganization completed on February 22, 2005. The Company's registered and records office is located at Legis House, 11 New Street, St. Peter Port, Guernsey, Channel Islands, GY1 2PF. The Company also has a representative office at 39 Cheval Place, London, United Kingdom, SW7 1EW. Subsidiaries of the Company maintain corporate offices in London, United Kingdom and Bamako, Mali.

Intercorporate Relationships

Unless the context otherwise requires, the term "Company" means Avnel, together with its subsidiaries. As at the date of this AIF, the following diagram illustrates the intercorporate relationships between the Company and its material subsidiaries, their jurisdiction of incorporation or organization, and the Company's respective percentage ownership of each subsidiary:



The Company's registered office is in Guernsey and its business in Mali is carried on through wholly-owned or majority-owned, indirectly held subsidiaries in each of Mali, the United Kingdom, and the Cayman Islands.

The Company owns an 80% equity interest in Société d'Exploitation des Mines d'Or de Kalana, S.A. ("SOMIKA"), which is the Company's principal asset. The Malian Government holds a beneficial interest in the remaining 20% of SOMIKA, which has anti-dilution and free-carry rights. The Company's corporate representative entity in Mali is Avnel Mali SARL ("Avnel Mali"), which has historically held the Company's exploration permits related to the Fougadian Project.

The Company also operates Kalana Mine Services Limited ("Kalana Mine Services"), a London-based, wholly owned subsidiary of Avnel Cayman that provides procurement, recruitment, and accounting services to SOMIKA. Kalana Mine Services also provides purchasing, facilitation, expediting services, and technical assistance to SOMIKA.

For additional information regarding the Company, its subsidiaries, foreign corporate structure, and its business in Mali, please consult the sections titled "Description of the Business".

GENERAL DEVELOPMENT OF THE BUSINESS

Avnel is a mining company engaged in the exploration, mining, and extraction of precious metals, mainly gold, through its 80% equity interest in SOMIKA and 100% interest in Avnel Mali. SOMIKA owns and operates a small, Soviet-era, underground gold mine located in the southwest of Mali (the "Kalana Gold Mine"), and hold rights to the Kalana exploration and exploitation permit (the "Kalana Exploitation Permit"). This permit is also host to the Kalana Main Project, the Company's flagship development-stage project, plus a number of advanced exploration projects and mineral prospects.

For additional information regarding the Company and its business in Mali, please consult the section titled "Description of the Business - Selected Disclosure Regarding the Company and its Business in Mali" in this AIF. In addition, for a summary comparison of the Company's understanding of the laws of Ontario, Guernsey, and the Cayman Islands that are applicable to a company and its shareholders under corporate rules please consult "Schedule "B" – Comparison of Law Summary" in this AIF.

Three-Year History

A summary of the key developments for the Company over the previous three years is as follows:

2013 Developments

In 2013, the Company continued to work with the IAMGOLD Corporation ("IAMGOLD") as part of a three-year option agreement signed in 2009 that was extended by mutual agreement in late 2012 to 28 February 2013. Under the terms of the agreement, IAMGOLD could earn an option to acquire up to an initial 51% interest in Avnel's 80% interest in SOMIKA by completing a mineral resource estimate and undertaking to complete a feasibility study for an open-pit mining project.

Between 2009 and the end of first quarter of 2013, IAMGOLD had spent approximately $32.5 million on exploration and related activities on the Kalana Exploitation Permit, which exceeded the minimum expenditure of $11 million required under the option agreement. However, IAMGOLD had not delivered a mineral resource estimate that met the minimum vesting threshold of 2 million pit-constrained ounces of gold, resulting in the lapse of the extended option agreement.

Following the lapse of the option agreement with IAMGOLD, Avnel appointed Snowden to prepare a mineral resource estimate and a preliminary economic assessment for a potential open-pit mining operation based upon IAMGOLD's exploration results relating to the Kalana Main Project (the "PEA"). As part of this work program, Snowden affirmed that the Company's decision to continue with IAMGOLD's previously proposed work program and initiate a re-assay program to determine a more accurate estimation of the grade of gold mineralisation of the Kalana Main deposit.

2014 Developments

On March 31, 2014, the Company filed the Kalana Technical Report, which was prepared to support the reporting of a maiden open-pit mineral resource estimate and the results of a positive PEA for the Kalana Main Project, as announced by the Company in a news release dated March 24, 2014.

Supported by the positive results of the PEA and the associated mineral resource estimate, the Company appointed Snowden to lead a preliminary feasibility study for the Kalana Main Project (the "PFS"). Snowden would provide mine engineering design services and be supported by several leading consulting firms, all of whom have extensive experience in Mali, including Mr. Ivor Jones of Denny Jones, DRA, and Epoch Resources.

In the third quarter 2014, Avnel closed the first and second tranches, respectively, of a brokered private placement. Pursuant to the terms of the Private Placement, Avnel issued an aggregate of 67,586,400 units of the Company at a price of C$0.15 per unit for gross proceeds of approximately C$10.1 million. On September 17, 2014, the Company closed a non-brokered private placement of 2 million units to a newly appointed senior executive officer of the Company at a price of C$0.15 per unit for gross proceeds of $300,000.

On October 15**,** 2014, the Company reported the September 2014 MRE, an updated pit-constrained In Situ Mineral Resource for the Kalana Main deposit utilizing a gold price assumption of $1,100 per ounce. The Indicated portion, which does not include local estimates of internal or external dilution, was 12.9 million tonnes grading 4.57 g/t Au containing 1.90 million ounces at a 0.9 g/t Au cut-off. The Inferred portion was 0.7 million tonnes grading 4.24 g/t Au containing 0.10 million ounces of gold at a 0.9 g/t Au cut-off grade. The Company also reported a Fully Diluted Indicated Mineral Resource, which included local estimates of internal and external dilution, of 19.7 million tonnes grading 3.10 g/t Au containing 1.96 million ounces at a 0.9 g/t Au cut-off.

2015 Developments

In the first quarter of 2015, the Company announced that it had decided to discontinue the PFS and to prepare a definitive feasibility study for the Kalana Main Project advance the Kalana Main Project (the "DFS").

On March 26, 2015, the Company reported an updated Mineral Resource Statement for the Kalana Project that included the Kalana Main deposit, Kalana Gold Mine tailings, and an initial open-pit Mineral Resource for the nearby Kalanako deposit utilising a $1,100 per ounce gold price. Total In Situ Indicated Mineral Resources, which does not include local estimates of internal or external dilution, was 15.2 million tonnes grading 4.40 g/t Au containing 2.15 million ounces at a 0.9 g/t Au cut-off. The Inferred portion was 2.2 million tonnes grading 5.33 g/t Au containing 0.38 million ounces of gold at a 0.9 g/t Au cut-off grade. The Company also reported an updated Fully Diluted

Indicated Mineral Resource for Kalana Main deposit, which included local estimates of internal and external dilution, of 22.1 million tonnes grading 3.06 g/t Au containing 2.17 million ounces at a 0.9 g/t Au cut-off.

On March 30, 2015 the Company announced the appointment of Mr. Roy Meade as President of Avnel and the appointment of Mr. Andrew King and Mr. Keith McCandlish as independent non-executive members of the Company's Board of Directors. Concurrently, the Company announced the resignation of Mr. Roy Meade and Mr. Derek Kyle from the Company's Board of Directors.

On May 7, 2015 the Company closed a "bought deal" financing and issued 42,900,000 units in the capital of the Company at a price of C$0.28 per unit for gross proceeds of C$12,012,000. Each unit consisted of one Common Share in the capital of the Company and one half of one share purchase warrant. Each whole warrant is exercisable into one Common Share at an exercise price of C$0.40 per share for a period of 24 months expiring on May 7, 2017. BMO Nesbitt Burns Inc. and Cormark Securities Inc. were the underwriters for the offering. The net proceeds from the 2015 Offering were used to fund exploration activities, technical and environmental studies, project related operating expenses, general working capital, and to partially fund the completion of the DFS and an Environmental and Social Impact Assessment ("ESIA") for the Kalana Main Project.

As part of the DFS work program, the Company completed a 181-hole, 30,143-metre ("m") drill program at a cost of $4.5 million. The drill program was completed on July 5, 2015 and the results are detailed at length in the Company's June 11, July 16, and September 15, 2015 news releases.

On October 5**,** 2015, the Company reported the September 2015 MRE, an updated pit-constrained In Situ Mineral Resource for the Kalana Main deposit utilizing a gold price assumption of $1,100 per ounce. The Measured plus Indicated portion, which does not include local estimates of internal or external dilution, was 19.9 million tonnes grading 4.21 g/t Au containing 2.69 million ounces at a 0.9 g/t Au cut-off. The Inferred portion was 0.8 million tonnes grading 4.59 g/t Au containing 0.11 million ounces of gold at a 0.9 g/t Au cut-off grade. The Company also reported a Fully Diluted Mineral Resource, which included local estimates of internal and external dilution. The Measured plus Indicated portion was 30.6 million tonnes grading 2.81g/t Au containing 2.81 million ounces at a 0.9 g/t Au cut-off.

Developments Subsequent to 2015 and 2016 Outlook

On January 25, 2016, the Company submitted a draft ESIA and other associated documentation, including a draft Community Resettlement Action Plan for a portion of the Village of Kalana, to the Malian authorities for review to as part of the approval process for developing a new open pit mine at Kalana Main. The ESIA has 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. The requisite baseline environmental, health and safety, and socio-economic studies for the ESIA were completed during the second quarter of 2015. The Company is anticipating approval of the ESIA in the second quarter of 2016.

On February 8, 2016, the Company announced preliminary results from detailed mineral processing and metallurgical test work programs conducted during 2015 as past of the DFS work program. The Company also provided details on the expected process plant design parameters.

On March 30, 2016, the Company reported the March 2016 Mineral Resource, an updated Mineral Resource for the Kalana Main deposit utilizing a gold price assumption of $1,400 per ounce. The Measured plus Indicated portion of the pit-constrained mineral resource estimate, which includes a local estimate of internal dilution, is 27.7 million tonnes grading 3.51 g/t Au containing 3.12 million ounces of gold at a 0.9 g/t Au cut-off. The Inferred portion is 2.0 million tonnes grading 3.76 g/t Au containing 0.24 million ounces of gold at a 0.9 g/t Au cut-off grade. See "The Kalana Project – Kalana Main Definitive Feasibility Study."

With respect to operations at the small, Soviet-era, underground mine Kalana Gold Mine, the Company is forecasting gold production of 8,600 ounces in 2016. Under the prevailing gold price environment, the underground mine is not profitable and continues to be operated principally for exploration purposes and to maintain socio-economic stability in the local community. The Company plans to continue underground mining for as long as economically practical to enable a smooth transition of the workforce to activities related to the construction of the proposed Kalana Main Mine.

DESCRIPTION OF THE BUSINESS

Overview

Avnel is a junior natural resource company engaged in the business of exploration, mine development, and the mining and extraction of precious metals, principally gold, with operations in south-western Mali, near the border with Guinea, in West Africa. The Company is a reporting issuer in each of the provinces and territories of Canada other than Quebec, and its Common Shares are listed for trading on the TSX under the symbol "AVK".

The Company's strategic objective, through SOMIKA, is to develop the Kalana Main Project into an open-pit mining operation, which it intends to advance upon with the recent completion of the DFS. A secondary objective of the Company is to explore the remainder of the Kalana Exploitation Permit to discover new mineral deposits.

The Company also operates Kalana Mine Services, a London-based, wholly owned subsidiary that provides procurement, recruitment, and accounting services to SOMIKA. Kalana Mine Services also provides purchasing, facilitation, expediting services, and technical assistance to SOMIKA at cost plus a fee of 7.5%.

Selected Disclosure Regarding the Company and its Business in Mali

In addition to information set out elsewhere in this AIF, the disclosure under this heading "Selected Disclosure Regarding the Company and its Business in Mali" provides investors selected summary

information about the Company and its business in Mali, including Avnel's understanding of the Republic of Mali ("Mali") and applicable laws of Mali currently in force.
The Republic of Mali, West Africa

Mali, located in West Africa, has a land area of 1,240,000 km², a third of which is covered by the Sahara Desert in the north. It is a land-locked country, and is bordered by Algeria to the north, Mauritania and Senegal to the West, Guinea, Ivory Coast and Burkina-Faso to the South and Niger to the east. Mali has a population of approximately 14.5 million people. Bamako is the capital with a population of approximately 1.8 million.

Economic activity is largely confined to the Sikasso district and the riverine area irrigated by the Niger River. Approximately 80% of the labour force is engaged in crop and livestock farming and fishing. Industrial activity has traditionally been concentrated on processing farm commodities, primarily cotton, followed by gold mining operations since 1996, which is discussed below under the subheading "Mining Industry".

Government Organisation

Mali gained its independence from France on September 22, 1960, and has a republic form of government. The Executive branch consists of a President with a five-year term that is elected by popular vote and is limited to two terms. The Prime Minister is appointed by the President and the Cabinet is appointed by the Prime Minister. At the time of this AIF, the current President is Mr. Ibrahim Boubacar Keïta who was elected in 2013. The Legislative branch is formed of a National Assembly of 160 members elected by popular vote for a five-year term. Acts of the National Assembly are subject to review by the Constitutional Court, formally established on March 9, 1994. Mali's legal system is based on the French civil law system and customary law.

Currency

The official monetary unit of Mali is the CFA franc, which is currently fixed at the rate of 655.957 CFA francs per euro. There are no restrictions on the convertibility or transfer of funds.

Mining Industry

Commercial gold production in Mali commenced in 1985 at the underground Kalana Gold Mine under a state-aid program from the former Soviet Union. The first significant foreign private investment came from Resolute Mining in 1990 at Syama. Since 1996, foreign mining companies have increased gold mining operations in the country following the discoveries of large gold deposits such as Sadiola Hill (IAMGOLD and AngloGold Ashanti), Yatela (IAMGOLD and AngloGold Ashanti), and Morila (AngloGold Ashanti and Randgold). There are also several gold projects under development, including the Fekola Project that B2 Gold acquired through the acquisition of Papillion Resources in 2014, and the Kofi Nord project operated by Endeavor Mining, which is part of its Tabakoto Mine.

As a result of this foreign investment, Mali has become a major sub-Saharan gold exporter with gold representing approximately 80% of the nation's export earnings and one-quarter of the government's revenue. Deposits of copper, tin, bauxite, iron ore, manganese, uranium and diamonds can be found in the country, but only gold and phosphate are currently mined commercially. Total gold production has significantly increased on an annual basis and in 2015 amounted to an estimated 50 tonnes from both industrial production (46 tonnes) and artisanal miners (4 tonnes) according to the Ministry of Mines. By the end of 2017, the Government of Mali expects gold production to increase to approximately 60 tonnes per year.

Mineral Rights in Mali

In Mali, the State owns the title to all mineral rights. The mining code applicable to SOMIKA is Mali's *Mining Law* (Ordinance No. 99-032/P-RM of August 19, 1999, as amended) (the "1999 Mining Code"), which provides for six types of authorizations and permits:

1. An exploration authorisation valid for three months and renewable once for three months;
2. A prospecting authorisation valid for three years renewable once for three years;
3. An exploration permit valid for three years renewable twice for three years each time;
4. An exploitation permit valid for 30 years renewable indefinitely for 10 years each time;
5. A small scale mining authorisation valid for four years renewable indefinitely for four years each time; and
6. An artisanal exploitation authorization valid for one year and renewable.

The 1999 Mining Code provides that prior to the issuance of mineral rights, except for exploitation authorizations, a mining agreement ("Mining Convention") must be signed by the State of Mali and the future holder of the mineral right. The Mining Convention governs the relationship of the mineral right holder and the State during the exploration and the exploitation phases. Amongst other things, the Mining Convention provides for the minimum exploration expenses to be incurred and the size of the interest of Mali in the project if the property is brought into production, which is typically a 10% free carried interest and an option to purchase a 10% contributing interest. In the case of SOMIKA, the Malian Government has a 20% free carried equity interest in SOMIKA under the 1999 Mining Code.

Legal Rights

The Company has satisfied itself as to the Company's (or its subsidiaries') ownership and retention of its property interests by engaging local counsel to provide advice to it regarding the acquisition, ownership and retention of its permits, property interests and rights in respect of its material mineral properties and by direct communications with local government officials. The Company works with its legal counsel on an ongoing basis to ensure that all related matters are attended to on a timely basis. In addition, the Company has, on a number of occasions, obtained legal opinions with respect to its material properties in connection with financing and other transactions.

The Company also relies on the oversight by Qualified Persons, who have done a review of the Kalana Main Project, and through consultants who are engaged by the Company in connection with the Company's permitting, licensing, and regulatory approval application process, to confirm it has all material permits, business licenses, and other regulatory approvals needed to carry on business in Mali. The Corporation also consults regularly with legal advisors in Mali, including to confirm that all applicable permitting requirements for its operations have been obtained and, from time to time, retains local legal advisors to provide updated title opinions, as appropriate.

Foreign Corporate Structure

The Company's registered office is in Guernsey and its business in Mali is carried on through wholly-owned or majority-owned, indirectly held subsidiaries in each of Mali, the United Kingdom, and the Cayman Islands.

Each of these subsidiaries maintains local offices, where corporate minute books and other books and records are maintained. The Board of Directors of the Company has effective control over its subsidiaries in Mali, the United Kingdom and the Cayman Islands and their respective assets, including bank accounts, through its respective 80% or 100% indirect ownership of these entities. In addition, as the sole controlling shareholder, the Company has the ability to appoint, direct, supervise, and remove all officers and directors of its subsidiaries with the exception of SOMIKA. With respect to SOMIKA, Avnel appoints five directors and the State of Mali appoints two directors.

For a summary comparison of the Company's understanding of the laws of Ontario, Guernsey and the Cayman Islands that are applicable to a company and its shareholders under corporate rules please consult "Schedule "B" – Comparison of Law Summary" at the end of this AIF.

Corporate Governance

Many of the Company's directors and executive officers have significant experience conducting business in Mali, gained through their years of service to the Company in their respective roles or principal occupations, as applicable. Mr. Ibrahim Kantao, a non-executive Director of the Company, resides in Mali. Mr. Meade, President of the Company, and Mr. Miller, the Company's Chairman and CEO, make regular visits to the Company's offices in Mali and the Kalana Project and conduct daily calls with local management. Certain directors and executive officers have also travelled to Mali on several occasions for various purposes related to the Company's business, including meeting with Malian Government officials and representatives from banking and investment firms. Directors and executive officers of the Company visit the Company's operations in Mali as they deem to be necessary, often several times a year, to properly manage the Company's business and meet with local management.

As a part of carrying out the responsibilities of their respective offices, it is necessary for the directors and executive officers of the Company to familiarise themselves with the laws, requirements and roles of governments, local business culture and practices, and any differences in banking systems and controls in and between jurisdictions in relation to the Company's foreign operations. Directors and executive officers become aware of these matters on an ongoing basis through their skills, experience, education, knowledge, and a combination of written materials, meetings, site visits, legal and other professional advice, and other briefings and training, as appropriate.

Information is typically communicated to the Company's head office from its other locations of business through typical methods in the English language. There are, however, circumstances where communications and documents relating to the Corporation's business in Mali are received by the

Company in the local language, typically French. Such items that are deemed material, including legal documents and communications from government officials, are translated into the English language.

Environmental Policies and Obligations

All phases of Avnel's operations are subject to laws and regulations relating to the protection of the environment, including laws regulating the removal of natural resources from the ground and the discharge of materials into the environment. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. See also "The Kalana Project – Environmental and Social Impact Assessment", "The Kalana Project – Environmental Liabilities", "Risk Factors – Environmental Risks and Hazards", and "Risk Factors – Environmental Impact of Mine Operations" for further information.

Social Policies and Obligations

Despite the size of the small Kalana Gold Mine, the Company has made significant contributions to the Malian economy, particularly in the region near the mine. Measureable contributions include the employment of mainly local people at the mine, direct and indirect taxes paid, and the purchase of goods and services from Malian companies, which is summarised in the following table:

Economic Contributions ($, millions)	**2004 – 2012**	**2013**	**2014**	**2015**
Net Salaries & Employee Benefits	31,733	4.249	4.419	3.411
Direct Taxes & Duties	11,183	1.733	1.356	1,116
Indirect Taxes & Duties	7.095	0.944	0.979	1.050
Local Goods & Services	43,177	5,392	5.353	5.243
Total	**93,188**	**12,318**	**12.107**	**10.820**

The Company has a policy to purchase goods and services from Malian suppliers, including accommodation, laboratory analysis, auditors, fiscal advisors, insurance, engineering services, electric power, explosives, safety equipment, computer hardware, and spare equipment. In 2015, local services and goods represented approximately 89% of the total goods and services purchased.

The Company is also committed to employing qualified Malian nationals in key positions and, as a result, has an expatriate staff of only five people. Malian nationals hold key management positions such as Financial Manager, Plant Manager, Chief Geologist, Human Resources Manager, Mechanical and Electrical superintendents, Medical Doctor, Chief of Security, Chief Surveyor, Environmental Officer, Chief Safety Officer, and Country Manager.

In addition to employing a local workforce at the Kalana Gold Mine, Avnel has a number of social obligations in respect of the Kalana Project that it funds, which contribute significantly to the socio-economic stability of the region. These include: building and maintaining schools, including the employment of teachers and staff; establishment and maintenance of a local health clinic to service the Kalana village, including the employment of health personnel and staff; supplying drinking water to its employees; and funding the supply of electricity to certain public facilities in the Village of Kalana including local administration buildings, mosques, churches, and a health clinic. The Company makes an annual contribution to a local development budget, which for example, includes funding for a new childcare facility, a youth centre, new medical equipment, plus supplies and ongoing support for these facilities. A summary of these investments is presented in the table below:

Community Investments ($, millions)	2004-2012	2013	2014	2015
Special Projects	0.205	0.134	0.037	0.019
Village Electricity	1.179	0.006	0.007	0.010
Other Community Development	0.258	0.053	0.053	0.053
Total	**1.642**	**0.193**	**0.097**	**0.082**

From 2004 to 2012, a signification contribution from the Company was free electricity to a significant portion of the Village of Kalana. Following a decision to electrify the majority of the village, the Company contributed $80,000 to this capital project. The electrification is complete and the consumers make direct payment for services to the power supplier.

Community investments are made in consultation with stakeholders through formal events to provide an open forum for communication. Community leader meetings are held regularly where management provides information on the Company's performance and future plans for the development of a new open pit, bulk tonnage gold mine.

Employees are represented by two formal structures: An employee representative committee and the Union. Regular meetings are held with both parties to provide a constructive dialogue to enable the effective operation of the Kalana Gold Mine and discuss the Company's future plans.

The Company is also committed to improving the health of its employees, their families, and the residents of the local communities. The Company maintains a medical clinic at the Kalana Gold Mine that is staffed by a full-time doctor and a qualified nursing staff that is for the care of the Company's employees and their families. The Company also provides financial aid to four other medical clinics in area. The impact of the health services provided has had a significant impact on the health of the community. There has been a significant reduction in mortality of children under the age of five that has been achieved through the active participation in malaria prevention, education on health care through radio and community meetings, and the availability of qualified staff and medicine.

The Company has also committed to improving the level of education available to children. As part of this initiative, the Company has constructed eight classrooms in the Village of Kalana and three classrooms in the nearby Village of Niessoumala.

For additional information, see the subheadings titled "Social", "Community Relocation Action Plan", and "Economic and Social Impact Assessment" in the section titled "The Kalana Project".

Competitive Conditions

The mining industry is competitive in all of its phases. Avnel faces strong competition from other mining companies in connection with the acquisition of properties producing, or capable of producing, precious metals, base metals, and bulk mineable commodities. Many of these companies have greater financial resources, operational experience, and technical capabilities than Avnel. As a result of this competition, Avnel may be unable to maintain or acquire attractive mining properties on terms it considers acceptable or at all. Consequently, Avnel's revenues, operations, and financial condition could be materially adversely affected.

Employees

Avnel's workforce is well trained and has significant operational experience at all levels. As at December 31, 2015, the Company had 365 employees and contractors located in Mali and seven located elswhere.

THE KALANA PROJECT

The Company's principal asset is an 80% indirect equity interest in SOMIKA, with the Republic of Mali holding the remaining 20% equity interest, which has free carry and anti-dilution rights. SOMIKA owns and operates the Kalana Gold Mine, a small, Soviet-era, underground gold mine, and hold rights to the Kalana Exploitation Permit, a combined exploitation and exploration permit that is unique in Mali. This permit is also host to the Kalana Main Project, the Company's flagship development-stage project, plus a number of advanced exploration projects and mineral prospects.

Project Description and Location

The Kalana Project is located in southwestern Mali, approximately 250 km south of Mali's capital city of Bamako, in the Sikasso Region, near the border to Guinea in West Africa. The Kalana Project covers a surface area of 387.4 km^2. Located within the centre of the northern portion of the Kalana Exploitation Permit is the Kalana Gold Mine, a small, Soviet-era, underground gold mine that covers an area of 2 km^2 that the Company has operated continuously since 2004.

Access and Local Resources

The project may be accessed via road all year round from Bamako via sealed highway for an initial 200 km and then lateritic road for the remaining 50 km. The driving time from Bamako to the Kalana Gold Mine site is approximately 4 hours. There is an international airport at Bamako with daily flights to many European and West African countries. The Company maintains an office in Bamako that supports the activities and operations of the Company in Mali.

The Kalana Underground Mine is located within one kilometre of the Village of Kalana and has a population of approximately 9,000 people. The Village of Kalana is the principal source of labour for the Kalana Underground Mine.

Topography, Climate, and Vegetation

Mali contains primarily savannah in the south and flat to rolling plains or high plateaus (200 m to 500 m in elevation) in the north. There are rugged hills in the north-east with elevations of up to 1,000 m. The topography within the project area undulates between 350 m above sea level (masl) and 440 masl.

Most of Mali receives negligible rainfall and droughts are a recurring problem. During dry seasons, a hot, dust-laden Harmattan haze is common. Flooding of the Niger River occurs regularly in the rainy season, which typically occurs from June to December, with peak rainfall in July, August, and September. At the Kalana Mine site there is an abundant supply of water and the average annual rainfall at the Kalana Mine is typically ranges between 1,000 and 1,200 millimetres ("mm"). Temperatures range from 20°C to 28°C in the cooler months and 15°C to 37°C in the hotter months.

Vegetation within the project area is sub-tropical, the Sudanian Savanna, and is characterised by the coexistence of trees and grasses indigenous to the region.

Communication

Modern telecommunication services are available at the Kalana Mine Site and at the camp facilities. Satellite phones are also available for both domestic and international calls. Satellite Internet communications are the main method for electronic communications. This system has sufficient bandwidth to support VPN and other communication requirements between the mine site, the office in Bamako, and other corporate offices. The Company also maintains a backup radio system to maintain contact with exploration teams conducting fieldwork.

Power

The Kalana Gold Mine receives a 5,000 volt amp (5 kVA) electricity supply via grid power pursuant to an agreement with a corporation affiliated with the Malian Government. On site backup diesel generators provide sufficient power for water pumping from the underground mine and limited operations. This power supply is not sufficient for the open pit mining operation that the Company is contemplating and electricity will either need to be generated on site from a mixture of diesel and heavy fuel oil.

History

The area surrounding the Kalana Exploitation Permit was known as a gold producing region dating back to at least the 1300s under the reign of the Malian Emperor, Musa Keita I. The first documentation of modern gold exploration in the area covered by the Kalana Exploitation Permit began in the 1930s by French geologists. The area associated with the Kalana Gold Mine, was intensively explored from 1967 to 1982 by two Malian national companies, Société Nationale de Recherche et d'Exploitation Miniére ("SONAREM") and Société de Gestion des Mines d'Or de Kalana ("SOGEMORK"), as part of Soviet technical assistance programs to Mali. In 1982, a decision was taken to develop the Kalana Gold Mine as a small, fresh rock only, underground mine using a recovery process based on crushing, milling, and gravity concentration. In 1984, the Kalana Exploitation Permit was created in the favour of SOGEMORK. The original permit was granted in 1984 for a period of 15 years, renewable at five-year intervals thereafter up to a maximum of a 30-year term.

Production from the underground mine commenced in 1985 and a total of 227,000 tonnes of ore was treated at an average head grade of 13 g/t to produce 81,000 ounces of gold by August 1991. In 1991, technical and financial resources were withdrawn from the Kalana Gold Mine following the dissolution of the Soviet Union. This resulted in the Kalana Gold Mine being placed on care and maintenance. The Kalana Exploitation Permit that was originally granted to SOGEMORK in 1984 reverted to the Malian Government following the dissolution of SOGEMORK in February 1992.

In 1994, the Malian Government embarked on a privatisation program with the assistance of the World Bank. As part of that program, the Malian Government launched an international call for tenders for the Kalana Exploitation Permit.

In February 1995, a joint venture (the “Ashanti-JCI Joint Venture”) of Ashanti Goldfields (“Ashanti”) and Johannesburg Consolidated Investment Co. (“JCI”) were awarded the right to acquire an 80% interest in the Kalana Exploitation Permit with the Malian Government holding the remaining 20% free carried interest, with Ashanti as the operator. JCI withdrew from the Ashanti-JCI Joint Venture in 1996 and in 1997 Ashanti mandated Rothschild Natural Resources LLC to seek a suitable mining company to develop, operate, and acquire a majority interest in the Kalana Exploitation Permit.

In May 1997, Nelson Gold Ltd. (“Nelson Gold”), a company previously managed by some of Avnel’s executive officers, reached agreement with Ashanti, subject to approval of the Malian Government. Following that agreement, Nelson Gold conducted a feasibility study on the Kalana Gold Mine. The Malian Government did not ratify the agreement between Nelson Gold and Ashanti. On April 15, 1999, the Minister of Mines of the Republic of Mali notified Ashanti that the Malian Government had terminated its right to the Kalana Exploitation Permit as the Ashanti-JCI Joint Venture had failed to meet its contractual commitment to resume production at the Kalana Gold Mine within the prescribed three-year term. The Malian Government re-issued international tenders in July 1999, and again in October 2001. Nelson Gold submitted a tender in July 1999, but was unsuccessful.

In July 2000, Elliott Associates L.P. acquired Nelson Gold’s intellectual property of the Kalana Gold Mine, which largely consisted of the various technical studies undertaken by Nelson Gold. In September 2001, Elliott Associates L.P. formed Avnel Cayman specifically to tender for the Kalana Gold Mine. Avnel Cayman tendered a bid in the October 2001 invitation, but was unsuccessful. However, when the successful company did not meet its initial financial commitments, the Malian Government offered Avnel Cayman the right to acquire the Kalana Exploitation Permit. The tender was formally awarded to Avnel Cayman on December 23, 2002.

The necessary legal agreements were concluded in the early part of 2003 and the permit was awarded to Avnel Cayman on April 7, 2003. On July 23, 2003, SOMIKA was incorporated as an 80% owned subsidiary of Avnel Cayman with the Malian Government holding a free carried 20% interest with anti-dilution results. Pursuant to the Foundation Agreement, which is summarised in the section titled “Material Contracts – Foundation Agreement”, Avnel Cayman transferred the permit to SOMIKA and the transfer was confirmed by the decree of the Malian Government in December 2003.

Mining operations were resumed by SOMIKA in January 2004 in accordance with the terms of the Foundation Agreement, which stipulated that the Kalana Gold Mine was to resume production for a period of no less than three years. At the date of this AIF, Avnel continues to operate the small, Soviet-era, Kalana Gold Mine as an underground room and pillar mine with gold being recovered in a gold plant using gravity recovery methods only.

In September 2009, the Kalana Main Project became part of a joint venture option agreement with IAMGOLD. The option agreement provided IAMGOLD the opportunity to earn an initial 51% interest in Avnel’s 80% share of the Kalana Project by spending a minimum of $11 million on exploration activities over three years and by delivering a NI 43-101 compliant technical report for a Mineral Resource of at least 2 million ounces of gold as well as proceeding with a feasibility study.

At the end of the exploration period, extended by mutual agreement to the end of February 2013, IAMGOLD had spent approximately $32.5 million on exploration activities at Kalana but had not delivered a Mineral Resource that met the two million ounce vesting threshold. This resulted in the automatic lapse of the option agreement. The costs incurred by IAMGOLD are represented by quasi-equity loans to Avnel Cayman, which were lent to SOMIKA. On expiry of the option agreement, IAMGOLD's loans to Avnel Cayman were forfeited. IAMGOLD has no residual interest in the Kalana Main Project or SOMIKA.

Following the lapse of the option agreement, the Company expanded its management team and assembled a group of consultants to assist in the completion of studies and testing required to further advance the Kalana Main Project. To this effect, the Company completed a positive PEA for a potential open pit mining operation in the first quarter of 2014. Subsequently, the Company has completed four updates to the Mineral Resource and a drill program in support of the DFS.

Ownership

The Kalana Exploitation Permit is wholly owned by SOMIKA and includes the Kalana Gold Mine, the Kalana Main deposit, the Kalanako deposit, and several prospective satellite gold systems. Avnel owns an 80% of SOMIKA and the Malian Government has a free carried 20% interest with anti-dilution rights. The fiscal and title arrangements between SOMIKA and the Government of Mali are detailed in a 2003 Foundation Agreement, which is summarised in the section titled "Material Contracts – Kalana Foundation Agreement" near the end of this AIF.

Surface Rights

Surface rights in the area surrounding the Kalana Gold Mine are held by SOMIKA, which currently covers an area of 2 km^2. Under the Malian mining code, the surface rights associated with the Kalana Exploitation Permit are assignable to SOMIKA, subject to the payment of statutory compensation rates to current users that is set by the Malian Government.

Taxes and Royalties

In Mali, the mining tax regime applicable to the Kalana Project is derived from a combination of mining and tax legislation and contractual mining conventions and foundation agreements that establish fiscal, economic, and customs regimes and stability guarantees, such as the Company's Foundation Agreement with the Government of Mali, which is summarised in the section titled "Material Contracts – Foundation Agreement". The Foundation Agreement is governed by Mali's 1999 Mining Code, which provides for various tax exemptions and provides sovereign protection from adverse changes in the fiscal regime. The application of specific tax provisions and the stability guarantee may be subject to interpretation and in the event of dispute an international arbitration process may be required.

As part of the DFS work program, the Company recently completed a detailed assessment of the fiscal, economic, and customs regime applicable to SOMIKA and the Kalana Main Project with its advisors at a level of analysis reasonable for a definitive feasibility study. The findings of this assessment is summarised below:

During the construction of the proposed Kalana Main Mine and for three years following commercial production, SOMIKA will be exempt from VAT and certain custom duties related to the project. Following the three-year period from the commencement of commercial production, an 18% valued added tax (the “VAT”) will be applicable on goods and services, which is fully recoverable, and customs duty will be applicable on imported goods. For the full duration of the validity of its mineral rights, the Company benefits from an exemption from all taxes and duties payable on fuel products dedicated to the power generation for the mine and related social infrastructure with the exception of the 0.5% ECOWAS Community Deduction (“PC”) and the 1% WAEMU Community Solidarity Deduction (“PCS”) duties. The only petroleum product that the PCS is applicable to is lubricant.

The tax structure in Mali applicable to SOMIKA’s operations consists of a general corporate income tax rate of 30% of profits after deductions for expenses and allowable depreciation, which is an improvement over the rate of 35% provided for in the Foundation Agreement. SOMIKA is also subject to a minimum tax rate of 1.0% of net revenue, even in years with a deficit.

SOMIKA is also entitled to number of deductions to reduce taxable income:

- Amortisation of sunk exploration and research costs during the first three years of commercial production.

- Accelerated depreciation of mine property, plant, and equipment (“PP&E”) using an accelerated degressive depreciation method.

- Amortisation and depreciation of most pre-production capital costs that are not fixed PP&E assets, including community development and resettlement expenditures, during the first three years of commercial production.

- Straight-line depreciation of sustaining PP&E capital expenditures over the lesser of 10 years or the assets remaining useful life.

- Carry forward of operating losses for a period of three years following the year incurred.

- Annual provisions for depletion of mineral reserves that is the lesser of to 15% of the Net Smelter Return value of production or 50% of the taxable income to encourage exploration spending. Provisioned amounts must be spent within the following three fiscal years or they will subsequently be deemed taxable income.

In addition, Avnel will also benefit from the recovery of existing inter-company loans, accrued interest, and accrued Mine Management and Engineering fees.

Avnel is also entitled to Mine Management and Engineering fees for the operation and construction of the new open-pit mine (the “Mine Management Fee” and “Engineering Fee”, respectively). As per the Company’s Operator Agreement, the Mine Management Fee is calculated as 0.75% of turnover (gross revenue) and 2.5% of *brut exploitation excess* (or “EBE”, which is equivalent to Earnings Before

Interest, Taxes, and Depreciation or "EBITDA") as calculated in accordance with *Le Système Comptable Ouest Africain* ("SYSCOA"). The Engineering Fee is equal to 4.0% of all capital costs.

All of the aforementioned inter-company, accrued interest, Mine Management and Engineering Fees, are recoverable prior to SOMIKA's ability to declare dividends to any of its shareholders. Avnel has an 80% equity interest in SOMIKA and the Republic of Mali has a 20% free-carried equity interest with anti-dilution provisions.

SOMIKA is subject to two forms of royalties on gold production. The first royalty is a special tax on mining products (Impôt Spécial sur Certains Produits or "ISCP") at a rate of 3% and is calculated on the basis of turnover before tax. The second royalty is a stamp duty on mining products intended for export, which is equivalent to 0.6% of gross revenue. Pursuant to the stability clauses in the Company's Foundation Agreement, the 3% Ad Valorem Net Smelter Return Tax, introduced as part of the 2012 Mining Code, is not applicable to SOMIKA.

With respect to exploration expenditures, the Kalana Exploitation Permit is unique to Mali as it is a combined exploitation and exploration permit. As a result, exploration and research expenditures are exempt from all taxes (including VAT), duties, contributions, or any other direct or indirect taxes, with the exception of employment taxes, social taxes, mineral tenure fees, and royalties.

Permits

The Company is permitted to explore the Kalana Exploitation Permit and to operate the Kalana Gold Mine. The Kalana Exploitation Permit was renewed in April 2003 for a term of 30 years under the terms of the 1999 Mining Code and the only significant government approval required to develop new mines are an ESIA and the associated Environmental and Social Management Plan ("ESMP").

Environmental and Social Impact Assessment

The requisite baseline environmental, health and safety, and socio-economic studies for an ESIA for the development of a new, open pit, bulk tonnage mine at Kalana Main were completed during the second quarter of 2015. The formal public participation process for the ESIA commenced in August 2015 and concluded in December 2015.

The draft ESIA and other associated documentation, including a draft Community Resettlement Action Plan for a portion of the Village of Kalana, was submitted to the Malian authorities for review in January 2016. The ESIA has been prepared by Epoch Resources and other independent consultants in compliance with 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 with the intention of pursuing international financing.

Discussions with the Malian authorities and community members are well advanced and the Company anticipates receiving approval of the ESIA and ESMP during the second quarter of 2016. The Kalana Exploitation Permit was awarded to Avnel in 2003 with an initial term of 30 years and the only significant government approval required to develop new mines are an ESIA and the associated ESMP.

Community Relocation Action Plan

As part of the proposed development of an open pit mining operation at Kalana Main, the Company anticipates that 437 homes from the Village of Kalana will need to be relocated. A comprehensive plan for affected stakeholders was developed from a series of formal public participation events that occurred during 2015. The Company has engaged with the local communities, particularly the Village of Kalana, through public disclosure regarding information on the development of the Kalana Main Project. Community consultation efforts to date have been positive, largely due to the Company's longstanding presence in the region as the largest single employer. Regular engagement will continue throughout the project development at every key stage.

Environmental Liabilities

The mining and treatment processes at the Kalana Gold Mine have resulted in the emission of concentrations of certain chemicals in surface water, such as arsenic, that are at levels below World Health Organization guideline values. In the future, the presence of these or other chemicals in tailings, gasses discharged from the calcine oven stack, or other discharge sources could potentially rise to unacceptable emission levels.

Additionally, certain hazardous materials are presently stored on the Kalana Gold Mine site, including diesel fuel, arsenic trioxide, and sulphide concentrates tailings that remain from the SOGEMORK underground mining operations from 1985 to 1991.

The Company complies with all environmental obligations and the Government of Mali has absolved the Company of all environmental liabilities created prior to 2003. The Company has recorded an asset retirement obligation of $2.6 million on its Condensed Consolidated Statement of Financial Position as at December 31, 2015.

Social

The Company takes every precaution to minimise the impact of its mining operations on the local communities while endeavouring to maintain socio-economic stability in the region. The Company provides significant employment opportunities to members of the Village of Kalana and plans to continue underground mining through to the commencement of construction of the Kalana Main Mine. This is intended to enable a smooth transition for the workforce from the underground mine to a new and significant open pit mining operation and thus maintaining socio-economic stability in the region. The Company also provides medical and education assistance to the Village of Kalana and elsewhere in the Sikasso region of Mali.

For additional information of the Company's social practices and commitments, please consult the section titled "Description of the Business – Social Policies and Obligations" above.

Regional Geology

The Project area lies on the western limb of a regional-scale syncline with steeply plunging parasitic folds. The western third of the Permit is comprised of felsic intrusions. The eastern two thirds of the Project area comprise volcano-sediments, formally siltstones, sandstones, and turbiditic mudstones.

The Project area is characterised by two domains: the Birimian volcano-sedimentary basin in the east and the Eburnean metamorphic and granitic domain in the west. Gold-related calc-alkaline magmatic bodies intruded the terrane at the end of the Eburnean orogeny. Doleritic dykes are common throughout the Project area. They consist of north-east trending dykes, which lie in the northern portion of the Permit. These form a large dyke swarm which indicate regional-scale crustal weakness.

The general lack of outcrop means detailed geological mapping is not possible. Nevertheless, the two domains are easily recognisable in airborne geophysical surveys with some internal detail. Small intrusions have been interpreted from Russian fieldwork (auger and grab samples) and lineament mapping, and one 'circular structure' in the Djirila area where there is a rhyo-dacitic outcrop.

In Mali, the weathering profile is relatively deep. The base of saprolite within the Permit is between 70 m and 100 m, and this is immediately underlain by a thin transition zone, followed by fresh rock.

Geology of the Kalana deposit

At the Kalana deposit, mesothermal gold mineralisation is hosted mainly in quartz veins. The mineralisation follows shallow dipping and vertical dykes, adjacent to small intrusions that were emplaced in a sub-volcanic environment. The mafic intrusions played a key role as a source of heat flow driving the hydrothermal cell at the origin of local deuteric alteration and sulphide- carbonate metallotects (i.e. arsenopyrite, pyrrhotite, pyrite, chalocopyrite, ankerite and scheelite). Comparable intrusions at other gold deposits in southern Mali suggest that this late-orogenic igneous event corresponds to the major regional phase of Paleo-Proterozoic gold mineralisation in West Africa.

The Kalana deposit is hosted by volcano-sedimentary rocks of the lower part of the Upper Birimian Group. The meta-sediments consist of turbidite sandstone-siltstone sequences. The sandstone is fairly massive and medium grained and the siltstone is finely laminated and locally graphitic. The Kalana deposit is situated on the steeply dipping western limb of a regional syncline with folds plunging steeply to the north. Within the Kalana deposit, an east-west sigmoidal elongated diorite dyke with two major bodies, has been traced to a depth of 600 m intruding the Birimian rocks. The intrusion is approximately 180 m by 250 m for the western main body (Kalana I) and 150 m by 750 m (Kalana II) to the east. The two parts of the intrusion are surrounded by a contact metamorphic aureole, comprised of hornfels, up to 30 m wide.

Low-extension reverse faults are responsible for the tensional, en-echelon, stacked flat thin dioritic dykes and sills (these can be from 10 cm to a few metres thick) that occurred around the main intrusions. Vein packages that host the mineralisation at Kalana (**Error! Reference source not found.**) follow the main planes of thrusting (dipping at 25° to 35°), and minor reverse faults and shears being probably responsible for the 'pinch and swell' nature of the mineralised quartz veins. The main sigmoidal diorite and the major part of the shallow south to east dipping quartz veins emplaced in the same stress field (sigma 1 in N120-N130) defining a major Phase 1 of gold mineralisation. In the most northwestern part of the deposit, a steep dipping vein swarm (striking N40-N60 dipping 70° to the southwest) as thin packages of mineralisation follow a second event of mineralisation partially overprinting the main one. This second event of mineralisation is characterised by a local stress field with sigma 1 in N30-N40 which can characterise a shadow pressure domain in the northwestern corner of the diorite, occurring after diorite cooling (Kusters, 2009).

The area surrounding and including the Kalana deposit is entirely covered by an extensive lateritic profile characteristic of the Guinea Savannah climatic zone. The depth of weathering ranges from 30 m to 130 m. Geophysical, geochemical and drilling techniques are required to aid in the definition of the bedrock geology, due to the lack of surface outcrop.

Mineralisation of the Kalana deposit

Gold mineralisation occurs within a stacked set of quartz veins and stockworks hosted by the Birimian age meta-sediments, and the intrusive diorite stock and trend northwest-southeast. The mineralised vein system extends over an area of about 1,200 m east by 1,000 m north and current exploration information suggests it to be restricted to a block bound by northwest and northeast trending faults. Mineralisation has been identified by diamond drilling (DD) from surface down to a depth of 600 m, the limit of drilling.

The Kalana deposit contains several mineralised bodies that can display four types of mineralisation:

1. Flat dipping (an average dip of less than 35^0) quartz veins and vein sets in the meta-sediments and diorite stock

2. Steeply dipping quartz veins and vein zones (an average dip of more than 70^0)

3. Disseminated mineralisation (around both flat and steeply dipping veins)

Stockwork mineralisation at the contact of the diorite. The mineralised flat dipping quartz veins for approximately 80% of the mineralisation identified at the Kalana deposit. Generally these veins are controlled within a system of sub-parallel en-echelon fractures that dip predominantly to the east or southeast. These quartz veins pinch and swell significantly – the average vein thicknesses range from 0.1 m to more than 3.0 m. Despite the good continuity of the mineralised packages across the Kalana deposit, many of the veins contained in the packages subdivide and the connectivity of individual veins between drillholes is not always apparent.

The majority of the gold in the quartz veins is present as free gold with the gold commonly occurring as grains and small nuggets. Fine grained gold is also associated with sulphides in the quartz veins, as well as in the meta-sedimentary and diorite wall rocks immediately adjacent to the quartz veins.

The quartz veins are relatively easily identified either in diamond drill core, or in underground exposures. However, the footwall and hangingwall (**Error! Reference source not found.**) of the mining horizon is based on an assayed grade cut-off that is not always visible and not defined by the edge of the vein. Results of underground face sampling have indicated good mineralisation in the footwall and hangingwall of the quartz veins. Vein 1 is the largest example of the flat dipping veins and is typical of this style of mineralisation.

The steep dipping veins are northeast-southwest (strike) oriented and occur in the deepest part of Kalana I North. The swarm describes a north-south corridor of mineralisation. These sub-vertical vein swarms (strike at N40-N60 and dip at 70° to the southwest) as thin packages of mineralisation that follow a second style of mineralisation partially overprinting the main event of mineralisation.

The best developed stockwork mineralised zones are developed at the contact of the flat vein systems and sediments with the diorite. The stockwork mineralisation accounts for 20% of the historical estimated tonnage and consists of a zone of thin branching veins that cannot be selectively mined in the underground workings. The stockwork zones are lower grade (being 1 g/t Au to 5 g/t Au) than the flat dipping quartz veins. Due to the lower grade of the stockwork veins, these veins are less suited to underground mining than open pit extraction.

Exploration summary

Exploration Prior to Avnel

Initial modern exploration activities were carried out by SONAREM and SOGEMORK between 1963 and 1991 that included geological mapping, selective sampling, ground geophysics, and targeted drill programs. Between 1967 and 1982, 815 diamond drill holes totalling 81,524 m were drilled focusing on an area adjacent to the Village of Kalana, which eventually became the Kalana Gold Mine, and the Kalanako prospect, located 3 km northeast of the Kalana Gold Mine. Between 1989 and 1991, a further 56 diamond drill holes totalling 16,000 m were drilled to assess mineralisation associated with the deeper parts of the Kalana Gold Mine. Documentation during this period was excellent, but the sampling of core was generally only within quartz veins and the metasediments adjacent to the quartz veins were poorly sampled.

In 1995 and 1996, the Ashanti-JCI Joint Venture conducted regional exploration on the Kalana Exploitation Permit that included surface and underground activities. As part of these exploration activities, the Ashanti-JCI Joint Venture drilled 98 reverse-circulation ("RC") holes totalling 8,378 m that was aimed at assessing the potential for a potential bulk mineable open-pit operation.

Avnel's Exploration Activities

Since acquiring the Kalana Project in 2003, exploration activities have included, but were not limited to, geochemistry surveys, ground-based and airborne geophysical surveys, termite mound sampling, pitting, mapping extensive artisanal excavations, petrographic studies, and diamond and RC drilling. The Company has also compiled and digitised over 40 years of previous work by other parties, which was a significant undertaking. The objective of these work programs was to support underground mining operations at the Kalana Gold Mine, define the extents of the Kalana Main deposit, prioritise known exploration prospects, and identify new gold occurrences.

A summary of the drilling completed by the Company between 2005 and 2008 is presented in the table below. A large focus of the drilling conducted during this period was to assess prospects near the southern portion of the Kalana Exploitation Permit, principally Djirilla. This was intended to assist in the evaluation of the land package to the south of the Kalana Exploitation Permit that the Company was awarded an exploration permit for in 2006, which is described in the section below titled "Fougadian Project".

Drilling on the Kalana Exploitation Permit by Avnel (2005 – 2008)

	Drilling	Length of Metres Drilled by Year				
Location	**Method**	**2005**	**2005/2006**	**2007**	**2008**	**Total**
Djirila (Grid 8)	Rotary AB	6,235	-	-	-	6,235
Djirila (Grid 8)	RC	2,872	2,542	-	-	5,414
Djirila (Grid 8)	Core	-	2,223	-	-	2,223

Tonda-Dabaran (Grid 7)	RC	-	2,525	-	-	2,525
Kalana	Core UG	-	-	-	2,029	2,029
Kalana	RC	-	-	-	1,400	1,400
Total		**9,107**	**7,290**	**-**	**3,429**	**19,826**

In 2009, the Company entered into a three-year option agreement whereby IAMGOLD became the operator for the exploration programs on the Kalana Exploitation Permit. IAMGOLD completed 185 diamond core and 567 RC drill roles for a total of 130,363 m of drilling, in the immediate vicinity of the Kalana Gold Mine between January 2010 and January 2013. During this period, IAMGOLD also drilled an additional 34,292 m at Kalanako (29,555 m), Dadjan (2,202 m) and Djirila (2,535 m) using RC methods, for a grand total of 164,655 m.

In 2013, the operatorship of exploration programs reverted back to the Company following the lapse of the IAMGOLD joint-venture option agreement. Between March and July 2015, Avnel completed a 181-hole, 30,143-m infill, gap, and extension drill program at Kalana Main at a cost of $4.5 million as part of the DFS work program with positive results. The drill program was comprised of 28 diamond drill holes, 137 RC drill holes, and 16 combined RC-diamond drill holes.

A summary of the drilling campaigns conducted by Avnel or IAMGOLD between 2010 and 2015 are presented in the following table:

Summary of Kalana Project Drilling (2010 – 2015)

Location	Drilling Method	Length of Metres Drilled by Year 2010	2011	2012	2013	2014	2015	Total
Kalana Main	Core	13,177	22,955	14,843	-	-	6,975	**57,950**
Kalana Main	RC	11,702	24,209	43,223	254	-	23,168	**102,556**
Kalanako	Core	-	7,408	-	-	-	-	**7,408**
Kalanako	RC	14,462	3,441	4,244	-	-	-	**22,147**
Dadjan	RC	2,202	-	-	-	-	-	**2,202**
Djirila	RC	-	-	2,535	-	-	-	**2,535**
Total		**41,543**	**58,013**	**64,845**	**254**	**-**	**30,143**	**194,798**

Kalana Main

A significant dataset for Kalana Main has been established based upon information from a total of 173,080 m of drilling from 989 drill holes. The data available included information from 949 historic Russian drill holes, 5 historic Ashanti drill holes, 771 drill holes from IAMGOLD and Avnel drilled between 2010 and 2013, and 181 holes drilled by Avnel in 2015. From this data set, a significant Mineral Resource has been established for the Kalana Main deposit, which is summarised in the subsection titled “Mineral Resource Estimates”.

Mineralisation of the Kalana Main deposit occurs over an area of approximately 1,200 m in an east-west direction by 1,000 m in a north-south direction. The attitude of the veins varies from north-south to northwest-southeast and dips at low to moderate angles. The deposit has been divided into vein packages that comprise varying amounts of gold mineralisation. Mineralisation within these domains is characterised by a mix of barren rock with variably mineralised parts including continuous veins and stockwork mineralisation.

The extensive drilling at Kalana Main demonstrates good geological and grade continuity from within and along-the-vein perspectives at the range of drill spacing achieved. The drill spacing ranges from 25 m by 65 m in Kalana North, to 25 m by 50 m in Kalana South, with a significant proportion of the areas drilled at 25 m by 25 m. Significant grade control data from the underground Kalana Gold Mine also demonstrates good geological and grade continuity. Overall, exploration results have been positive and reinforce the Company's confidence in the geological model outlined above in subsection titled "Mineralisation". The Company's analysis indicates that the near surface extents of mineralisation have been sufficiently defined for the purposes of the DFS and that the deposit remains open for expansion at depth.

Kalanako

Kalanako is located 3 km northeast of Kalana Main and several sub-parallel northwest – southwest striking mineralised trends have been established from historical exploration data (SONAREM and the Ashanti-JCI Joint Venture) and IAMGOLD's RC drilling results. The drilling dataset consists of information collected from 30 diamond drill holes totalling 24,928 m and 235 RC drill holes totalling 7,699 m. 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 7.12). Diamond drilling results show generally lower grades, over narrow widths, at depth. Volcano-sediments, shear zones and felsic intrusions are intersected by flat dioritic dykes (0° to 20° dipping) comparable to those which occur at the Kalana deposit. Kalanako mineralisation appears to be geologically older than Kalana, with Kalanako emplacement in an earlier stage of the late-Eburnean orogenic phase. The Company believes that the mineralised zones at Kalanako are open for expansion and that additional drilling is warranted. A maiden Inferred In Situ Mineral Resource for Kalanako has been reported, which is summarised in the subsection titled "Mineral Resource Estimates".

Djirila Prospect

Djirila is located 22 km southeast of Kalana Main near the southeast corner of the Kalana Exploitation Permit. The Djirila prospect is a large gold-in-soil anomaly that was discovered by Avnel in 2004 and was partially drilled between 2005 and 2009 and encountered high-grade gold mineralisation down to a depth of 150 m. The drilling consisted of 150 RAB drill holes totalling 6,235 m, 82 RC holes totalling 5,067 m, and 15 diamond drill holes totalling 2,223 m. In 2012, IAMGOLD drilled a total of 19 RC drill holes for 2,535 m at Djirila. As for Kalanako, the depth of saprolite and saprock is over 70 m, much deeper than that observed at the Kalana deposit. Diamond drilling at Djirila intersected several sub-vertical high strain zones, packets of densely laminated quartz veins with sulphides and locally few dioritic dykes. Mineralisation is associated with these strain zones richer in quartz veins and veinlets. The main mineralisation is oblique (10°east in azimuth) to the north-south dominant structure highlighted by the IP survey. Although few core samples of fresh rocks are available, the mineralisation at Djirila seems structurally similar to the Kalanako mineralisation, with emplacement most likely in an earlier stage of the late-Eburnean orogenic phase. The Djirila As-Au anomaly has not yet been fully drilled and evaluated. Based upon a preliminary evaluation, the Company believes that additional drilling is warranted.

Dadjan Prospect

Dadjan was defined by IAMGOLD on the basis of the orpaillage (or artisanal mines) mapping and termite mound geochemical results obtained in 2010. A total of 22 RC holes over 2,202 m have been drilled on this prospect. The average depth of the drill holes is approximately 100 m with collars spaced approximately 50 m apart. The largest part of the combined orpaillage and termite mound anomaly is interpreted to be a paleo-alluvial gold placer anomaly transported from its source, which is interpreted to be located south of the main Dadjan area. Based upon a preliminary evaluation, the Company does not consider Dadjan to be a high-priority exploration target.

Dabaran Prospect

Thirty holes were drilled by Avnel between 2005 and 2006 at the Dabaran prospect for a total of 2,525 m. The holes were located on anomalies near the stream "Tonda", to the north, and on the anomalies West of the Dabaran village, to the south. The holes were intended to test various soil anomalies and orpaillage workings. The results returned for both Tonda and Dabaran West anomalies indicate that the mineralised systems in this area appear to have more modest grades and widths in the near-surface environment. The correlation between gold and arsenic is less precise on Dabaran compared to that found on Djirila and the other anomalies still to be tested by drilling. Based upon a preliminary evaluation, the Company does not consider Dabaran to be a high-priority exploration target.

Regional Exploration Elsewhere on the Kalana Exploitation Permit

Avnel's exploration team has dedicated significant resources to the evaluation of regional exploration prospects outside of the Kalana Main area. This initial work is based upon historical data carried out by others, regional work conducted by Avnel and IAMGOLD since 2005, and the Company's ongoing field surveys of active and historical orpaillage. Information from each prospect is strongly variable and can include gold assay and arsenic analyses from termite mounds geochemical surveys, induced polarisation geophysical survey maps, auger, drilling, grab samples, and orpaillage mapping (amongst other quantitative and qualitative factors). This work, which is ongoing, is intended to prioritise the targets for future exploration work.

Logging, Sampling Methodology, Sample Preparation, Analysis, and Sample Custody

Diamond Drill Core Sampling Method, Sample Preparation, and Analysis

Since 2010, diamond drilling has been performed using oriented PQ, HQ, and NQ diameter rods. All diamond drill core is photographed and logged using hard copy logging forms. Geological logging includes primary and detailed lithology units, alteration, oxidation state, geological structures and their orientations.

Company geologists log core onsite and to collect data that includes: Rock quality designation, fracture count, rock strength classification, and core recovery for each drill run. Core samples are marked using coloured wax-markers at 1 m intervals, and may be adjusted as appropriate. Core drill holes are sampled along the full length on a 1 m basis. Core is cut on the orientation line. Sample intervals are assigned sequential sample and quality control sample numbers by Company technical personnel under supervision of Company geologists.

Between 2010 and 2013, the sampling protocol entails the splitting of the core with a diamond saw by IAMGOLD staff at the Kalana mine site. Half of the sample was retained at the Kalana mine site and the other half sampled by the metre and dispatched to SGS analytical facilities in Bamako, Mali. SGS in Bamako is part of the SGS Group of laboratories that operate under a global quality management system in accordance with ISO/IEC 9001. Each sample was dried, crushed, pulverised to 85 percent passing 75 micron, and then split using a cone splitter. Approximately 200-gram ("g") of the pulverised sample was placed in sealed packets and sent to the SGS assay laboratory in Kayes, Mali. Samples were analysed for gold using a conventional fire assay procedure on 50-g sub-samples. Rejects were returned to the Kalana mine site for storage.

Subsequent to the lapse of the IAMGOLD joint-venture option agreement, drilling, sampling and core logging procedures were carried out using the same procedures as per the IAMGOLD drilling between 2010 and 2013. However, samples were not analysed using conventional fire assay methods but were analysed using the LeachWELL method with fire assay on tails by Bigs Global Burkina SARL ("BigsGlobal") in Ouagadougou, Burkina Faso, as described below in the section titled "LeachWELL Assay Method".

RC Drill Hole Sampling Method, Sample Preparation, and Analysis

Since 2010, RC drilling has been performed with a 5 to 8-inch face sampling hammer with an additional booster compressor when necessary to preserve sample quality and maximize recovery. RC drilling samples are routinely collected at 1-metre intervals at a rate of six samples per drill rod. Drill cuttings for each metre drilled are collected in plastic bags at the rig and transported to the Kalana mine site for air drying in pans as required (mostly for samples from the lower portions of the RC drill holes). The samples were weighted at the drill rig.

Samples are split at core shed facilities using a Jones Riffle Sample Splitter to produce a nominal 2.5 kg sample for subsequent assaying. Chip boards, washed samples for logging, and pan concentrates for the observation of any free gold were also prepared.

Between 2010 and 2012, the 2.5 kg sub-samples were taken to a SGS preparation laboratory. The sub-sample was weighed by SGS personnel and recorded. The entire sub-sample of nominally 2.5 kg was crushed to 2 mm and pulverised to a nominal 85 percent passing 75 micron. A sub-sample of nominally 200 g was taken from the pulverised material and placed in a Kraft paper bag for transport to the analytical laboratory. Since October 2010, the 200 g sub-samples have been collected by riffle splitting to avoid possible segregation of heavy gold particles after pulverisation.

Subsequent to the lapse of the IAMGOLD joint-venture option agreement, drilling, sampling and logging procedures were carried out using the same procedures as per the IAMGOLD drilling between 2010 and 2013. However, samples were not analysed using conventional fire assay methods but were analysed using the LeachWELL method with fire assay on tails by BigsGlobal in Ouagadougou, Burkina Faso, as described below in the section titled “LeachWELL Assay Method”.

Drill Program Assaying QA/QC

Since 2010, strict external analytical quality assurance and quality control (“QA/QC”) control measures were implemented on all sampling in accordance with industry recognised protocols and procedures and to comply with the requirements of NI 43-101. This consists of the use of control samples to monitor the reliability of analytical results delivered by the primary assay laboratory. As part of the QA/QC program, control samples were added, which included certified reference materials (“CRMs”) and blank samples at a rate of 5%, plus field duplicates at a rate of 2.5%. These activities were carried out by IAMGOLD and Company personal to industry standards. In addition to this, IAMGOLD and the Company accessed the internal analytical quality control measures implemented by SGS laboratory in Kayes, Mali as additional measures. These additional measures included repeat assaying of pulverised samples, second split duplicate assaying of pulps, insertion of CRMs and blank samples.

Sample Custody

Sample custody is ensured onsite by continuous inventorying and monitoring of the RC cuttings and drill core. Once samples are prepared, using the methodologies described in this AIF, they are inventoried, individually bagged, tagged and sealed in larger bags for transport to the assay lab. The laboratories used for analysis are certified and follow strict, industry recognised, QA/QC protocols. Audits of the assaying labs are performed occasionally.

LeachWELL Assay Method

LeachWELL Re-Assay Campaigns

An important aspect of the evolution of determination of in situ grade at the Kalana Main deposit is an extensive re-assay program undertaken between 2013 and early 2015. Samples from drilling were originally assayed using fire assay methods. However, the coarse nature of much of the gold was interpreted as a reason for significant grade under-estimation when compared to drill hole grades to grades realised from production.

Extensive re-assay programs from Kalana Main have repeatedly demonstrated that the 50 g fire assay method typically understated the grade of samples relative to the more appropriate 2- to 4-kg LeachWELL assay method. This understatement of grade is due to the coarse nature of the gold mineralisation and the significant difference in the mass and volumes of the samples being assayed between the two methods. Because of the larger mass and volume being assayed, LeachWell is a more appropriate method than fire assay for determining gold content at Kalana.

The findings of the LeachWELL assay method have been confirmed with other methods more appropriate for the determination of grade in coarse gold deposits, including screen fire assay and gravity methods. Fire assay was originally selected for determination of grade by IAMGOLD due to the rapid turnaround time from the lab and the low cost.

Avnel re-assayed RC drilling duplicate samples, referred to as “witness samples”, and diamond drill (“DD”) pulp reject samples utilising a cyanide bulk leach extractable gold (“BLEG”) technique (using LeachWELL) on a 2 kg sample plus fire assay on the tail. RC witness samples previously stored on site at Kalana by IAMGOLD were split, if necessary, to obtain a sample of less than 5 kg. The diamond drill hole pulp rejects originally prepared at the SGS laboratory in Bamako are stored at Kalana. The samples were collected and checked before transportation to the BigsGlobal analytical laboratory in Ouagadougou, Burkina Faso. Initial screen fire assay work from the SGS Bamako laboratory was halted following procedural issues and the work diverted to BigsGlobal’s LeachWELL facility.

The Company has submitted a grand total of 31,100 primary samples for re-assay by LeachWELL, representing 91% of the mineralised intercepts in the database that report a fire assay grade of greater than 0.5 g/t Au at Kalana Main. On a cumulative basis, the re-assay campaigns have demonstrated that the original 50-g fire assay typically understated the average grade of samples relative to the LeachWELL assays by an average of approximately 40% at Kalana Main.

Kalana Main Project LeachWELL 2 kg Re-Assay Campaign Summary

	Re-Assays*	Cumulative Total	Cumulative % Database	Cumulative % Database >0.5 g/t Au
March 2014	20,232	20,232	15.5%	67.1%
September 2014	4,683	24,858	19.1%	75.6%
March 2015	6,185	31,100	23.9%	91.0%

*excludes duplicates and QA/QC samples

In 2015, Company re-assayed a total of 2,267 RC and DD samples from the Kalanako deposit and 386 RC samples from Djirila using LeachWELL. This produced results similar to the Kalana Main deposit despite a lower population of samples.

Kalanako LeachWELL 2 kg Re-Assay

	New re-assays*	Total	% database	% database >0.5 g/t Au
March 2015	2,267	2,267	7.8%	86.4%

*excludes duplicates and QA/QC samples

RC and Diamond Drill Hole LeachWELL Sampling & Assaying Protocol

The RC witness samples had been stored in a covered warehouse and kept in rice bags and sealed with drill hole number and date. Before shipment to the Ouagadougou laboratory, the samples are verified, re-bagged, and split using a Jones Riffle Splitter to obtain a weight below 5 kg. This work was performed by SOMIKA between June 2013 and December 2013. The same protocols as per the LeachWELL re-assay campaign were used for the 2015 drill program.

The diamond drill hole pulp rejects were prepared by the SGS laboratory in Bamako and subsequently returned to Kalana prior to assaying. The pulp reject samples are stored in a locked and secure building.

Following sample delivery to BigsGlobal laboratory the protocol is:

- The RC sample (<5 kg) was crushed (to 2 mm) and split using a rotary splitter to obtain a sample of approximately 2 kg. The reject was stored back in the original bag and then returned to Kalana for storage.
- The ~2 kg RC sample was fully pulverised (90% pass 75 µm) with an LM2 pulveriser (double bowl and recombined in bottle). The tail from the leach process was washed, dried, re-pulverised and assayed using 50 g Fire Assay for gold.
- The diamond drill hole sample was split using a rotary splitter to obtain a ~2 kg sample, the reject was then stored back in the original bag and then returned to Kalana for storage.
- CRM were inserted at the rate of 1:20 or 5% (two CRMs each time, 1 for LeachWELL, 1 for the fire assay on the tail) and coarse blank material (2 kg) was included at a rate of 1:20 samples (5%). A large range of CRMs were utilised to cover the range of material types including oxide, quartz, and sulphide matrix composition. The blank material was made of sandstone from the Bamako cliff, prepared, and certified by ALS Chemex in Bamako.

Internal BigsGlobal QA/QC included grind sizing testing by a screen test, and internal CRMs for LeachWELL and fire assay and duplicates. The assay results were evaluated as received and validated before reporting. The Company's senior geologists made several laboratory visits during the process.

LeachWELL QA/QC

LeachWell samples are subject to industry standard procedures for quality assurance and quality control. Assay results are monitored by Avnel in real time and they include laboratory visits by Kalana personnel on regular intervals. Both the RC samples and the diamond drill hole pulp reject samples sent to the BigsGlobal laboratory included blanks and CRMs inserted at nominal rates reflective of industry standards. The LeachWell assay process is also monitored through the internal blanks, CRMs, and duplicate analyses utilised by the BigsGlobal laboratory.

CRMs were sourced from Rocklabs Ltd. (New Zealand) have been inserted by Avnel at the industry standard rate of 1:20 (5%). All CRMs are certified for gold and are classified as oxide or fresh.

Quality assurance programs were used by BigsGlobal to test LeachWELL and fire assay accuracy by repeat assaying of pulverised samples (second solution in LeachWell), second split duplicate assaying of pulps (fire assay on tails), insertion of standard reference samples and blank samples. Repeat analyses are performed routinely by BigsGlobal on approximately 5% of assays submitted; second split duplicate assaying of pulps on approximately 5%, 5% of blanks (including preparation blanks and analytical blanks), and 5% of CRMs.

Turnaround performance and receipt of sample submissions is also documented.

Specific Gravity Data

During the 2010 to 2012 period, approximately 9,475 specific gravity measurements on Kalana Main cores and 1,236 specific gravity measurements on Kalanako cores were taken by IAMGOLD using a standard weight-in-air and weight-in-water technique. The samples were selected by IAMGOLD geological technicians in the core shack and measured in IAMGOLD's preparatory laboratory on the site. Samples selected for specific gravity measurements comprised a 200 g to 500 g piece of half core taken approximately every 5 m downhole. Specific gravity was measured on all rock types and states of weathering. Saprolite samples were wrapped in thin cling film plastic.

In the 2015 drill program, an additional 1,415 specific gravity measurements were taken by Avnel on DD core using the same methodology as per the IAMGOLD measurements. Avnel results are coherent with IAMGOLD results and no significant difference of Specific Gravity has been observed between lithologies and/or mineralised un-mineralised domains.

Typically, Specific Gravity is a function of the weathering and oxidation state, and it typically ranges from 1.5-1.9 in Saprolite, 1.9-2.6 in Saprock, and 2.6-2.8 in Fresh Rock.

Metallurgy

The underground Kalana Gold Mine was operated from 1985 to 1991, as part of a Soviet Union state-aid program to Mali, and was brought back into production in 2004 by the Company. As a result, there is a large database of operating data. The process plant only utilizes gravity recovery methods to recover gold. Operating experience from the Kalana Gold Mine between 2005 and 2014 has demonstrated that recoveries of between 80% and 92% utilizing gravity methods alone are achievable.

During 2015, detailed mineral processing and metallurgical test work programs were conducted at SGS Booysens in Johannesburg under the management of DRA Projects (Pty) Ltd as part of the DFS' work program. The results of this program confirmed a high gravity recovery component for all material types achieving bench scale gravity recoveries in the ranges of 19 - 88% for saprolite, 62 - 92% for saprock, and 57 - 96% for fresh rock material. The optimal leach feed grind size has been determined to be 80% passing 75 microns (μm). Average cyanide and lime consumption rates were between 0.7 to 0.8 kilograms per tonne of material ("kg/t") and 0.4 to 1.2 kg/t, respectively.

Gravity recovery and cyanidation variability testing was conducted on a total of twenty saprolite, saprock, and fresh rock mineralised core samples sourced from various spatial locations within the Kalana Main deposit. A summary of the estimated life of mine ("LOM") metallurgical gold recovery by material type is presented in the following table:

	LOM Average Head Grade (g/t)	Expected CIL Residue Grade (g/t)	Discount Factor (%)	LOM Recovery Estimate (%)
Saprolite	3.10	0.11	0.99	95.6
Saprock	3.73	0.21	1.02	93.5
Fresh	2.91	0.17	0.90	93.2
Tailings	1.8	0.43	1.34	74.8

1 – Metallurgical recoveries are preliminary and may be subject to revision as part of the finalisation of the DFS.

With the exception of the historic tailings, these expected rates are in-line or exceed the recovery assumptions utilized in the PEA. The estimated rate for the small amount of historic tailings on site has declined to 74.8% from a prior estimate of 83%, which is not expected to materially impact project economics in the DFS.

Mineral Resource Modelling and Estimation

All mineral resource estimates since 2013 have been completed by Mr. Ivor W.O. Jones, an independent Qualified Person. Mineral resource estimates are prepared in the following steps:

- digital data validation
- data preparation
- exploratory data analysis of Au
- geological interpretation and modelling (wireframing)
- establishment of block models
- coding and compositing of assay intervals
- consideration of grade outliers
- derivation of kriging plan and boundary conditions
- grade estimation using a recoverable resource approach (Multiple Indicator Kriging or "MIK") in an unfolded coordinate system.
- validation of Au grade estimates and models
- deduction for prior mining
- classification of estimates
- estimation of dilution
- resource tabulation and resource reporting

The MIK recoverable resource estimation method was chosen for several reasons:

- At Kalana, there is well recognised and demonstrated continuity of the mineralisation over distances which exceed the average drill spacing, however, it is often difficult to define exactly which drill intersection which should be connected to the next within a given vein package. In this context, an interpretation is in many cases almost impossible to make with confidence, and therefore an interpretation which assumes stationarity and suitability for preparing a linear estimate (such as with ordinary kriging) is not appropriate.

- One of the features of the Kalana mineralisation is that the mineralisation can be defined (approximately) using a cut-off grade (see later), and the boundaries between the mineralisation and the host rock are, in general, relatively sharp. It is therefore reasonable to prepare a recoverable resource estimate to evaluate how much mineralisation is above cut-off grade.

- MIK, as opposed to other recoverable resource estimation techniques, recognises that mineralisation at different grades has different grade continuity (we can assume high grade has a very short range of influence, whereas low grades can be assumed to be far more continuous). MIK uses a different variogram for each threshold and allows the application of a shorter range variogram as appropriate. It is therefore suitable for mineralisation with a relatively high coefficient of variation ("CV"). At Kalana, the mineralisation is characterised by a relatively skewed histogram, with the mineralisation having a relatively high coefficient of variation (CV=8 for the mineralisation).

- MIK, however, makes no assumption of connectivity between grades, and therefore it was critical that the modelling of dilution was used (as per this report). to make sure that the internal dilution was modelled locally connecting higher grades above and below to provide an accurate estimate as to the overall grade of the mineralisation.

One key shortcoming in this method is that there is, as with all kriging, an element of smoothing across the mineralisation. Blocks adjacent to mineralisation were regularly characterised with an estimated low proportion of mineralisation, but in ground with which there is no reason to expect any mineralisation. Conversely in areas where the mineralisation is thick, the block estimates can be clearly seen to under-estimate the proportion of mineralisation in the block. This smoothing of grade is important to recognise as the total package needs to be considered (not just the high proportions) as the low proportions are an integral part of the mineralisation.

Kalana Main

Mineralisation of the Kalana Main deposit occurs over an area of approximately 1,200 m in an east-west direction by 1,000 m in a north-south direction. The attitude of the veins varies from north-south to northwest-southeast and dips at low to moderate angles. The deposit has been divided into vein packages that comprise varying amounts of gold mineralisation. Mineralisation within these domains is characterised by a mix of barren rock with variably mineralised parts including continuous veins and stockwork mineralisation.

The input data for the resource estimate comprises information from 235 diamond drill holes, 19 underground diamond drill holes, 711 RC drill holes and 16 combined RC/diamond drill holes. This includes 2 historic Ashanti holes, 35 historic Russian holes in areas where modern drill data is not available. New data available since the March 2015 Mineral Resource includes 28 diamond drill holes, 137 RC drill holes and the 16 combined RC/diamond drill holes.

All data was composited to the nominal sample length of 1 m prior to analysis and estimation. Domains are based around vein packages and a recoverable resource estimated using a cut-off grade of 0.9 g/t Au for reporting purposes. Grade estimation was completed using MIK in unfolded coordinates into 2.5 m by 2.5 m by 2.5 m blocks and then after estimation regularized into 10 m by 10 m by 5 m blocks. Indicator variograms were modelled with a hyperbolic mathematical model used to define the top end of the grade distribution. The result of this estimation method is that, while no top cut is used to limit the higher grades, the higher grades are limited in their influence by using a mathematical model for the higher grades in the dataset. The search volume was 65 m by 65 m by 8 m aligned to the plane of the mineralization for the better defined veins and 85 m by 85 m by 8 m for the less known vein packages. The searches were aligned along the vein orientation using the orientation of the interpreted vein packages. A minimum number of 8 samples and a maximum of 18 was required for the first search pass, and a minimum of 2 samples and maximum of 32 samples for the second pass was required for grade estimation, with a maximum of six samples per hole. A relatively small volume of Inferred mineralisation has resulted from extrapolation of existing data up to 2 times the search distance.

The grade-tonnage estimate, prior to reporting in situ or deleted resources, was depleted using wireframes of the voids from the mine. The depletion applied is considered a conservative approach, as the reef was not always represented in the model where the drilling intersected mining stopes and the higher-grade mineralisation was missing.

Following the MIK estimation, the results were post-processed to provide a proportion of the block and the grade of this portion above the 0.9 g/t Au cut-off grade. The cut-off grade has been determined separately as a part of vein characterisation and ongoing engineering work. In addition to conducting validation checks on all stages of the modelling and estimation process, final grade estimates and models were validated by undertaking global grade comparisons with the input drill hole composites, visual validation of block model cross sections, and by grade trend plots.

The classification of the Mineral Resource has been based on the confidence in the geological interpretation (not all domains have the same confidence level applied), confidence in the quality and local quantity of the estimation data, confidence in the tonnage/grade estimates, and the expectation of economic extraction as defined using a whittle evaluation. Estimates outside of the whittle shell remain unclassified. For an estimate to be classified as Measured, it needed to be within 18 m of a drill hole within a drill spacing of about 35 m, and be estimated using the information from two holes as well as having a minimum of 8 samples used. For an estimate to be classified as Indicated, it had to be within 32 m of a drill hole and a drill spacing of around 25 m by 50 m, and be estimated using the information from two holes as well as having a minimum of 8 samples used.

The mineral resource has been reported exclusive of, and inclusive of dilution. Dilution has been estimated to include a maximum of 2 m internal dilution, with external dilution estimated as 0.5m below and 0.5 m above the mineralisation at the local grade estimated using OK.

Tailings Mineral Resource

The tailings from the Kalana Gold Mine comprise tailings from the SOGEMORK processing (pre-1991) and the tonnage and grade of tailings from processing of mineralisation by Avnel since 2004. In 2004 the SOGEMORK tailings were evaluated by Snowden and a Mineral Resource reported for the tailings. Since 2004, the tonnage and grade of tailings has been measured and recorded by Avnel. This information is used as the basis for the reported additional tonnage and grade of tailings material that has been added to the tailings storage facility. The overall tailings estimate is a simple weighted average of the SOGEMORK tailings estimate and the production data from June 2004 to September 2015.

Kalanako

Kalanako is located three kilometres northeast of the Kalana Main Project. Several sub-parallel mineralised trends have been established from historical exploration data and RC drilling results from IAMGOLD. The mineralised zones have strike lengths of 250 m to 500 m and are less than 10 m thick and appear to be steeply dipping.

The assay data comprising the most complete dataset for grade estimation was formed from fire assays based on a 50 g charge (from 30,357 RC and diamond drill hole samples) as well as

LeachWELL assays based on a 2 kg pulverised sample (from 2,267 RC and diamond drill hole samples.)

The basis of the resource estimates for Kalanako is the same as those for Kalana Main, except that no mineralisation indicator was used. The MIK estimation method was chosen because of the coarse nature of the gold mineralisation, the confidence in the interpretation, and the advantages of MIK in considering different continuity for different grades.

Mineral Resource Estimates

All mineral resources were estimated in conformity with generally accepted *CIM Estimation of Mineral Resource and Mineral Reserves Best Practices Guidelines* and are reported in accordance with NI 43-101. Mineral Resources are disclosed on a total project basis at 100%. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. 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. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, marketing, or other relevant issues. The Mineral resources reported in this AIF 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 CIM Council.

Kalana Main Mineral Resource

The PEA and the Kalana Technical Report reported a maiden pit-constrained In Situ Mineral Resource estimate for the Kalana Main Project utilising a $1,110 per ounce gold price, which does not include local estimates of internal or external dilution (the "March 2014 MRE"). The Indicated portion of the March 2014 MRE was 8.5 million tonnes grading 4.53 g/t Au containing 1.25 million ounces at a 0.9 g/t Au cut-off. The Inferred portion of March 2014 MRE was 2.1 million tonnes grading 3.76 g/t Au containing 0.25 million ounces at a 0.9 g/t Au cut-off grade. There was no Measured portion.

On October 15**,** 2014, the Company reported the September 2014 MRE, an updated pit-constrained In Situ Mineral Resource for the Kalana Main deposit utilizing a gold price assumption of $1,100 per ounce. The Indicated portion, which does not include local estimates of internal or external dilution, was 12.9 million tonnes grading 4.57 g/t Au containing 1.90 million ounces at a 0.9 g/t Au cut-off. The Inferred portion was 0.7 million tonnes grading 4.24 g/t Au containing 0.10 million ounces of gold at a 0.9 g/t Au cut-off grade. The Company also reported a Fully Diluted Indicated Mineral Resource, which included local estimates of internal and external dilution, of 19.7 million tonnes grading 3.10 g/t Au containing 1.96 million ounces at a 0.9 g/t Au cut-off.

On March 26**,** 2015, the Company reported the March 2015 MRE, an updated pit-constrained In Situ Mineral Resource for the Kalana Main deposit utilizing a gold price assumption of $1,100 per ounce. The Indicated portion, which does not include local estimates of internal or external dilution, was 14.5 million tonnes grading 4.52 g/t Au containing 2.11 million ounces at a 0.9 g/t Au cut-off. The Inferred portion was 1.8 million tonnes grading 5.28 g/t Au containing 0.31 million ounces of gold at a 0.9 g/t Au cut-off grade. The Company also reported an updated Fully Diluted Indicated Mineral Resource, which included local estimates of internal and external dilution, of 22.1 million tonnes grading 3.06 g/t Au containing 2.17 million ounces at a 0.9 g/t Au cut-off.

On October 5, 2015, the Company reported the September 2015 MRE, an updated pit-constrained In Situ Mineral Resource for the Kalana Main deposit utilizing a gold price assumption of $1,100 per ounce. The Measured plus Indicated portion, which does not include local estimates of internal or external dilution, was 19.9 million tonnes grading 4.21 g/t Au containing 2.69 million ounces at a 0.9 g/t Au cut-off. The Inferred portion was 0.8 million tonnes grading 4.59 g/t Au containing 0.11 million ounces of gold at a 0.9 g/t Au cut-off grade. The Company also reported a Fully Diluted Mineral Resource, which included local estimates of internal and external dilution. The Measured plus Indicated portion was 30.6 million tonnes grading 2.81g/t Au containing 2.81 million ounces at a 0.9 g/t Au cut-off.

As part of the press release below on the Definitive Feasibility Study a new MRE has been declared as shown in the following table:

In situ Kalana Mineral Resources[1,2,3,4] (March 2016)

Mineral Resource Classification	Tonnes (Mt)	Grade (g/t Au)	Contained Gold (Moz)
Kalana Main Mineral Resources			
Measured	9.5	4.20	1.28
Indicated	13.5	4.10	1.77
Measured + Indicated	**23.0**	**4.14**	**3.06**
Inferred	1.7	4.51	0.24
Additional Mineral Resources			
Indicated (Tailings)	0.7	1.80	0.04
Inferred (Kalanako)	0.4	5.55	0.07

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 – Depletion by production is to September 2015. There has been minor production since September 2015.
3 – 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. The Mineral Resources are estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), *CIM Definition Standards on Mineral Resources and Reserves* prepared by the CIM Standing Committee on Reserve Definitions and adopted by the CIM Council.
4 – 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.

Kalana Main Deposit

In comparison to the Mineral Resource announced on October 5, 2015 for the Kalana Main deposit (the "September 2015 MR"), the grade-tonnage model and the pit optimization parameters are unchanged; however, a higher $1,400 per ounce gold price equivalent pit shell has been selected to define the limits of reasonable prospects for eventual economic extraction and reporting purposes to replace the prior $1,100 per ounce assumption. A comparison between the March 2016 MRE and the September 2015 MRE is presented in Table 6.

Mineral Resource Comparison for the Kalana Main Deposit March 2016 MR vs. September 2015 MR[1,2,3] (100% Project Basis Reported Above a 0.9 g/t Au Cut-off Grade)

	March 2016 MR[4] ($1,400/oz Au)			September 2015 MR[5] ($1,100/oz Au)			Change (%)		
Resource Category	Tonnes (Mt)	Grade (g/t Au)	Ounces (Moz)	Tonnes (Mt)	Grade (g/t Au)	Ounces (Moz)	Tonnes (%)	Grade (%)	Ounces (%)
Measured	9.5	4.20	1.28	9.0	4.24	1.23	6%	(1%)	4%
Indicated	13.5	4.10	1.77	10.9	4.19	1.46	24%	(2%)	21%
M + I	**23.0**	**4.14**	**3.06**	**19.9**	**4.21**	**2.69**	**16%**	**(2%)**	**14%**
Inferred[6]	1.7	4.51	0.24	0.8	4.59	0.11	113%	(2%)	118%

1 – Mineral Resources are disclosed on a total project basis at 100% and reported inclusive of the Mineral Reserve. 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.
3 – 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. The Mineral Resources in this MD&A were reported using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), *CIM Definition Standards on Mineral Resources and Reserves* prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM council.
4 – Depletion by production is to September 2015. There has been minor production since September.
5 – A summary of the September 2015 MR is presented as part of Avnel's news release dated October 5,2015.
6 – The quantity and grade of reported Inferred resources in this estimation are uncertain 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.

Kalana Gold Mine Tailings Mineral Resource

The overall tailings estimate is a simple weighted average of the SOGEMORK tailings estimate and the production data from the Kalana Gold Mine since June 2004. In the PEA and the Kalana Technical Report, the mineral resource for the combined tailings as at March 2014 was reported as an Indicated Mineral Resource of 0.7 million tonnes grading 1.8 g/t Au containing 0.04 million tonnes with no cut-off grade as they were expected to be mined in their entirety as per the PEA.

This combined mineral resource estimate for the combined tailings as at September 2015 is 0.7 million tonnes at a grade of 1.75 g/t Au containing 0.04 million ounces. The combined tailings Mineral Resource is classifed as Indicated and is not reported at a cut-off grade as they are expected to be mined in their entirety.

Kalanako Mineral Resource

On March 26, 2015, the Company reported a maiden In Situ Mineral Resource for the Kalanako deposit. The Inferred portion is 0.38 million tonnes grading 5.55 g/t Au containing 0.07 million ounces at a cut-off grade of 0.9 g/t Au utilizing a gold price assumption of $1,500 per ounce. The Kalanako In Situ Mineral Resource does not include any local estimates for internal or external dilution.

Diluted Mineral Resource – Kalana Main

The addition of local dilution resulted in a portion of the model being below the 0.9 g/t Au cut-off grade and excluded from the Mineral Resource. The resultant pit-constrained and diluted Measured and Indicated Mineral Resource above the diluted cut-off grade of 0.9 g/t Au, is estimated at 35.7 million tonnes grading 2.78 g/t Au (diluted) representing 3.20 million ounces as detailed in Table below.

Kalana Main Mineral Resource Diluted Estimate – March 2016 (100% Project Basis Above a Diluted Grade of 0.9 g/t Au)

	Resource Tonnes (Mt)	Resource Grade (g/t Au)	Internal Dilution (%)	External Dilution (%)	Grade Internal Dilution (g/t Au)	Grade External Dilution (g/t Au)	Diluted Tonnes (Mt)	Diluted Grade (g/t Au)	Ounces Gold (Mt)
Measured Resource	9.5	4.20	21	25	0.40	0.28	14.4	2.89	1.34
Indicated Resource	13.5	4.10	20	32	0.40	0.30	21.4	2.71	1.86
M + I	**23.0**	**4.14**	**21**	**29**	**0.40**	**0.30**	**35.7**	**2.78**	**3.20**

This diluted Kalana Main Measured and Indicated Mineral Resource of 3.20 million ounces, combined with the 40,000 ounces of Indicated Mineral Resource from historic tailings, forms the basis for the DFS reported in this press release.

The September 2015 Mineral Resource and subsequent March 2016 Mineral Resource have been prepared 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.

Mineral Resource Classification

All Mineral Resources are classified as Measured, Indicated, or Inferred in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") Definition Standards on Mineral Resources and Reserves prepared by the CIM Standing Committee on Reserve Definitions and adopted by the CIM Council. 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. The Whittle4X evaluation shell was prepared using the same modifying factors as those used in the PEA. 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.

Classification was applied based on data quality, confidence in the geological interpretation, grade and geological variability, and confidence in the grade-tonnage estimates. Those 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 are contained within a Whittle4X evaluation shell that was used to test for the reasonableness of economic extraction. Areas informed by drill data with a maximum spacing of approximately 35 m, where the geological and grade continuity have been well established, and were estimated with a minimum of eight samples have been classified as Measured Resource. Areas informed by 25 m by 50 m spaced drilling (approximate dimensions), where there is a reasonable level of confidence in the geological and grade estimate, and were estimated with a minimum of eight samples have been classified as Indicated Resource. The small amount of Inferred Resource is the remainder of the Mineral Resource estimate contained within the Whittle shell. Areas where there is no informing data, that contain lower grade material that is outside of the mineralised interpretation, or are not contained within the Whittle shell are not classified as a part of the Mineral Resource.

Kalana Main Definitive Feasibility Study

RIDER 38A

Kalana Main Definitive Feasibility Study Announcement

Concurrently with the filing of this AIF dated March 30, 2016 the Company has issued a news release announcing the results of a positive definitive Feasibility Study for the Kalana Main Project. The full text of the press release is attached as Schedule “C” to and form a part of this AIF. The scientific and technical information contained in the news release attached as Schedule “C” to this AIF has been prepared by or under the supervision of the “qualified persons” named therein, each of whom has consented to its inclusion in this AIF.

Mineral Reserve Estimates

The PEA referenced in this AIF is preliminary in nature and includes the use of Inferred Mineral Resources that are considered too speculative geologically to have reliable technical and economic considerations applied to them that would enable them to be categorised as Mineral Reserves. There is no certainty that the PEA will be realised and actual results may vary, perhaps materially. Mineral Resources that are not Mineral Reserves do not have demonstrated economic and technical viability.

Under the prevailing gold price environment, the underground Kalana Gold Mine is not profitable and continues to be operated principally for exploration purposes and to maintain socio-economic stability in the local community. The Company plans to continue underground mining following the recent completion of the DFS until such time as the Company has assessed the DFS in order to better evaluate future development options for an open pit mine to enable a smooth transition for the workforce from the small, Soviet-era, underground mine to a new and significant open pit mining operation.

Kalana Main Preliminary Economic Assessment

The Kalana Main PEA contemplates an open pit mining using small-scale mining equipment to selectively mine the economic quartz and associated inter-vein mineralisation with larger equipment to remove waste material. The PEA is, by definition, preliminary in nature.

A pit optimisation was completed for Kalana Main Mineral Resource based upon the March 2014 Snowden resource model and optimisation parameters that are typical for the scale and style of the operation and its location, which are described below. No limitations were applied to mining adjacent to the Village of Kalana that lies to the south and southeast of the pit. The preliminary pit shells were generated with no dilution.

To account for dilution and losses during the mining process, the Mineral Resource had a 50% tonnage modifying factor at a grade of 0.2 g/t Au and a mining recovery modifying factor between 92.5% and 95% applied in the mine production schedule. Inferred and Indicated Mineral Resources, which were constrained by the optimised open pit, were included in the mine production schedule. The tailings Mineral Resource will be recovered and processed in the first year of production.

A single pit shell was selected for design and scheduling on the basis of maximum net present value ("NPV") utilizing a gold price of $1,110 per ounce. Open pit mining was envisioned as conventional free-dig in the oxide zones and drill and blast in the saprock and fresh rock. The selective nature of the mineralised veins will require high levels of grade control and geological direction and the fleet will consist of small trucks and excavators. A conceptual pit was designed to comply with overall slope criteria of 37° in saprolite and 45° in fresh rock.

The proposed open pit covers the full footprint of the existing Kalana underground mine infrastructure. The two vertical shafts that provide access to the underground workings, the offices, the gold plant, and other buildings will be reclaimed prior to open pit mining. The open pit impacts a portion of the northern part of the Village of Kalana and about 300 houses will need to be relocated.

High-level annualised mining schedules were prepared for the PEA using linear-programing software to maximise project value, which yielded a three-stage open pit containing 15.1 million tonnes at 3.2 g/t Au and 128 million tonnes of waste plus 655,000 tonnes of tailings at 1.8 g/t Au. Higher-grade mineralisation is preferentially processed and excess lower grade mineralisation stockpiled and processed later. The vertical mining rate has been limited to 30 m per year. No limits were placed on the amount of lower grade material that could be placed on the stockpile. All low-grade mineralisation (<0.9 g/t Au after dilution) was considered to be waste. In practice, this lower grade material may have some value and would be stockpiled separately from unmineralised waste.

Waste rock will be dumped immediately east of the pit in an area that currently contains the explosives magazine and existing tailings dam. The Kalanako stream will be controlled by dams with the overflow diverted further to the northeast. A portion of the unsealed road between Kalana and Yanfolila will be rerouted to the east. It is currently planned to locate the process plant and a new tailings storage facility in open ground to the west of the pit.

The PEA considers a new gold plant, ROM stockpiles, administration buildings, assay laboratory, store magazine, medical clinic, workshops, diesel storage farm, and mining contractor facilities. An accommodation camp for 50 senior staff on a single status basis is proposed. A second camp will be constructed for contractors during construction and then occupied by 110 junior staff after commissioning.

A new 1.2 million tonnes per year (3,000 tpd) conventional gravity and CIL process plant achieving 93% gold recovery for the pit and 83% for tailings that will be commissioned following a two-year construction period. The plant flow sheet and design is expected to be similar to many process plants worldwide and is typical for similar gold mineralisation in West Africa.

Average gold recovery of 93% using a combination of conventional gravity recovery and CIL at a grind size of 80% passing 75 microns has been used in the PEA for material from the open pit. Recent test work subsequent to the PEA has shown that average gold recovery of up to 95% is achievable and additional test work is underway at different grind sizes to determine if the results may be further optimised. Gold recovery from the tailings is estimated at 83%.

The PEA outlines a potential 14-year open pit mine life recovering approximately 1.46 million ounces recovering an average of 138,000 ounces gold per year for the first four years and then 98,000 ounces gold per year over the remaining life of mine.

The total capital cost estimated in the PEA is $188 million comprising:

$134 million plant, mine services and infrastructure;

$15 million capitalised pre-strip;

$29 million sustaining capital and community infrastructure costs; and

An allowance of $10 million for mine closure, net of salvage costs.

The PEA capital cost estimate includes a 20% contingency, with the exception of the pre-strip, sustaining capital, and closure costs, which are estimated with no contingency.

The PEA assumes the use of a mining contractor over the life of the mine at an estimated average cost of $3.32 per tonne mined. Processing and administration costs are estimated to average $16.37 and $4.50 per tonne processed over the life of the mine, respectively. The total site cash operating over the life of the mine is $51.16 per tonne of ore processed or $551 per ounce produced in the PEA. The PEA also considers a 3% NSR and selling costs, which are excluded from the non-IFSR total site cash operating costs metric reported in the PEA.

The PEA's economic analysis assumed an all inclusive tax holiday during the construction phase and for three years following the commencement of commercial production with 35% income tax payable in subsequent years. All capital expenditures incurred during the construction period and for three years following the commencement of production were expensed. As a result, no operating losses were carried forward and no provisions were made for the depreciation or amortization of these assets or related prior sunk capital costs. Similarly, no provisions were made for the depletion of the mineral resource and other related prior sunk exploration costs. This was deemed to be a reasonable level of analysis for a PEA as it is, by definition, a preliminary assessment.

Based upon the economic assumptions utilised in the PEA, a discount rate of 10%, and a gold price assumption of $1,110 per ounce, the PEA reported a project NPV of approximately $194 million and an internal rate of return ("IRR") of 53% after accounting for all operating costs, capital expenditures, tax, imputed interest, and royalty payments on a 100% project basis in the PEA. The determination of NPV and IRR are from the commencement of construction and do not include any costs associated with competing the DFS or any other technical studies or work programs that may need to be completed. Payback on construction capital and pre-production costs is expected to be 2 years after the start of production.

As part of the DFS work program, the Company recently undertook a detailed assessment of the fiscal, economic, and customs regime applicable to SOMIKA and the Kalana Main Project with its advisors at a level of analysis reasonable for a definitive feasibility study. A summary of this assessment is presented in the section above titled "Kalana Project – Taxes and Royalties." Many of the preliminary fiscal, economic, and custom regime assumptions utilized in the PEA differ

Current Mining Operations

Avnel resumed mining operations at the small, Soviet-era, underground Kalana Gold Mine in January 2004. Avnel continues to operate the mine as an underground room and pillar mine with gold being recovered in a gold plant using gravity recovery methods only. From 2004 to year-end 2015, the mine has produced 168,170 ounces of gold from a total of 530,991 tonnes at an average grade of 11.5 g/t at an average recovery of 85.9%. A summary of mine production from 2004 to year-end 2015 is presented in following table:

Gold Production by Avnel from 2004 to December 31, 2015

Year	Tonnes Milled	Grade (g/t Au)	Recovery (%)	Production (ounces)
2004	35,667	09.4	68.6	07,396
2005	34,885	15.5	86.1	14,923
2006	27,743	28.2	90.1	22,638
2007	35,222	24.2	92.0	25,359
2008	48,262	15.7	82.0	21,407
2009	49,348	12.1	86.6	16,677
2010	50,238	07.7	86.1	10,727
2011	47,546	07.2	84.6	09,550
2012	49,485	07.3	87.3	10,090
2013	50,848	07.6	82.0	10,176
2014	49,513	07.4	81.2	09,548
2015	52,234	07.3	79.0	09,679
Total	**530,991**	**11.5**	**85.9**	**168,170**

In 2016, the Kalana Gold Mine is scheduled to produce approximately 4,400 tonnes of material per month from a mix of underground production and surface stockpiles at an average grade of 6.4 g/t until the end of 2016. Following the cessation of underground mining, the Company plans to process surface stockpiles, which are estimated to contain 2,500 tonnes of material at an average grade of 6.7 g/t Au. As a result, Avnel is forecasting gold production of 8,600 ounces in 2016 from a total of 53,000 tonnes of material at an average grade of 6.4 g/t Au with a budgeted metallurgical recovery rate of 78%.

Under the prevailing gold price environment, the underground mine is not profitable and continues to be operated principally for exploration purposes and to maintain socio-economic stability in the local community; however, the underground mine is benefiting from the relative strengthening of the dollar as local goods and services, which are denominated in CFA francs, represent approximately 89% of the total goods and services purchased in 2015. The Company plans to continue underground mining following the recent completion of the DFS until such time as the Company has assessed the DFS in order to better evaluate future development options for an open pit mine to enable a smooth transition for the workforce to a proposed open pit mining operation at the Kalana Main Project.

THE FOUGADIAN PROJECT

The Fougadian Project is located immediately south of the Kalana Project. The accessibility, climate, local resources, infrastructure, and physiography are similar to the Kalana Project.

As of the date of this AIF, all of the exploration permits that comprise the Fougadian Project have expired. The Company has applied to the Malian Ministry of Mines for the grant of a new consolidated exploration permit that covers an area of 99.8 km^2 and discussions are ongoing. The Fougadian South and Manankoulou permits are eligible for renewal without special dispensation.

The Fougadian Project was originally an exploration permit awarded to Avnel Mali, a subsidiary of the Company, in 2006 that covered an area of 150 km^2 immediately south of the Kalana Exploitation Permit (the "Fougadian Exploration Permit"). Subsequently, the exploration permit was restructured under two joint venture arrangements agreements with IAMGOLD in 2010 and 2012. Between 2010 and 2014, the Fougadian Exploration Permit was subject to a joint venture agreement with IAMGOLD. Following the exit of IAMGOLD from the joint venture agreement in 2014, ownership of the permits held by IAMGOLD were transferred to Avnel. Also at this time, the Zambala exploration camp that was established by IAMGOLD in 2013 was turned over to the Company and is currently on care and maintenance.

Based upon exploration programs conducted between 2006 and 2014 by the Company and IAMGOLD, which included geophysical surveys, geochemical surveys, and exploratory drilling over several gold anomalies, the Company continues to believe that the Fougadian Exploration Permits are prospective for the discovery of potentially economic gold deposits. However, as of the date of this AIF, the Company does not consider the Fougadian Project to be material to it.

RISK FACTORS

Investment in the Common Shares of Avnel is considered speculative due to the nature of the Company's business and the present stage of its development. A prospective investor should carefully consider the risk factors set out below. The following information is a summary only and should be read in conjunction with detailed information appearing elsewhere in this AIF and in Avnel's annual audited financial statements and management's discussion and analysis for the year ended December 31, 2015. These risks are not the only ones that may affect Avnel. There may be additional risks and uncertainties not currently known to Avnel, or are currently considered immaterial, that may impair the business of Avnel. If any such risks actually occur, the business or financial condition of Avnel could be materially adversely affected.

Capital Requirements

The consolidated financial statements have been presented on the basis that the Company is a going concern. Accordingly, the financial statements do not include adjustments relating to the carrying value of assets, the amounts and classification of liabilities, or other adjustments that might result should the Company be unable to continue as a going concern.

The continuing operations of the Company are dependent on its ability to generate future cash flows from its mining operations or obtain additional financing. In addition, the Company will be required to raise additional capital in order to advance the Kalana Main Project with the completion of the DFS. There is a risk that additional financing will not be available on a timely basis or on acceptable terms. Management believes that financing options will continue to be available to enable the Company to continue to operate as a going concern and to proceed with its exploration and evaluation of the Kalana Project. In the event that the Company is unable to secure additional financing, the Company will not be able to continue as a going concern and material adjustments would be required to the carrying value of the assets and liabilities and the balance sheet classifications used. Following the completion of the DFS, the Company will be required to raise additional capital in order to develop an open pit mine on the Kalana Main Project.

The Company's cash flow is dependent on the volume of production, gold prices, operating costs, interest rates on borrowings and investments, and discretionary expenditure levels including exploration, resource development, and general and administrative costs as well as obtaining new sources of finance. With the world economy moving slowly out of recession, sources of finance may be difficult to obtain.

Avnel intends to sustain the operation of the current underground Kalana Gold Mine as long as the mine is safe and economically feasible to do so, without spending significant capital expenditure on the underground mine, until such time as the Company has assessed the DFS in order to better evaluate future development options for an open pit mine. Until this work is completed and a suitable development plan is identified, gold production from the Company will continue to be constrained.

Exploration, Development, and Operating Risk

The exploration for and development of mineral deposits involves significant risks that even a combination of careful evaluation, experience, and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish Mineral Reserves, to develop metallurgical processes, and to construct mining and processing facilities at a particular site. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: The particular attributes of the deposit, such as size, grade, and proximity to infrastructure; metal prices, which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals, and environmental protection. The exact effect of these factors cannot be accurately predicted, but a combination of these factors may result in Avnel not receiving an adequate return on invested capital.

The PEA for the Kalana Main Project is, by definition, a preliminary assessment and there can be no assurance that the economic returns described in the PEA will be realised. Preliminary economic assessments are used to estimate the economic viability of a mineral deposit. The economic assessment results of the PEA are preliminary and do not reflect the same level of certainty as a preliminary or definitive feasibility study. The PEA includes the use of Inferred Mineral Resources, which are considered too speculative geologically to have reliable technical and economic considerations applied to them that would enable them to be categorised as Mineral Reserves. Mineral Resources that are not Mineral Reserves do not have demonstrated economic and technical viability. While the PEA is based on the best information available to the Company at the time, it cannot be certain that actual costs will not significantly exceed the estimated cost. While the Company incorporates what it believes is an appropriate contingency factor in cost estimates to account for this uncertainty, there can be no assurance that the contingency factor is adequate.

Mineral Reserves previously reported by Avnel in respect of the underground Kalana Gold Mine are no longer current and should no longer be relied on due to Avnel's focus on exploration and potential development of the bulk open pit mine at Kalana Main. With the completion of the DFS, it is contemplated that the underground mine will close as the infrastructure of the underground mine is atop the conceptual new open pit. Even with the completion of the DFS, however, there can be no assurance that construction financing will be available on terms acceptable to the Company, if at all.

Avnel intends to further develop the Kalana Main Project, subject to the availability of project financing. Mining operations generally involve a high degree of risk. Such operations are subject to all the hazards and risks normally encountered in the exploration, development and production of underground gold mines, including unusual and unexpected geologic formations, rock conditions, cave-ins, flooding, and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage, and possible legal liability. Milling operations are subject to hazards such as equipment failure, changes in ore characteristics such as rock hardness and mineralogy that may impact production rates and gold recovery, or failure of retaining dams around tailings disposal areas that may result in environmental pollution and consequent liability.

Avnel intends to continue exploration on the Kalana Exploitation Permit and Fougadian Exploration Permit. There is no certainty that the expenditures made by Avnel will result in discoveries of commercial quantities of ore.

Uncertainty in the Estimation of Mineral Reserves and Mineral Resources

There is a degree of uncertainty to the estimation of Mineral Reserves and Mineral Resources and corresponding grades being mined or dedicated to future production. Until Mineral Reserves or Mineral Resources are actually mined and processed the quantity of Mineral Resource and Mineral Reserve grades must be considered as estimates only. In addition, the quantity of Mineral Reserves and Mineral Resources may vary depending on, among other things, metal prices. Any material change in quantity of Mineral Reserves, Mineral Resources, grade, or stripping ratio may affect the economic viability of the Company's properties. In addition, there can be no assurance that gold recoveries or other metal recoveries in small-scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production.

Fluctuation in gold prices, results of drilling, metallurgical testing, production, and the evaluation of mine plans subsequent to the date of any estimate may require revision of such estimate. The volume and grade of Mineral Reserves mined and processed and recovery rates may not be the same as currently anticipated. Any material reductions in estimates of Mineral Reserves and Mineral Resources, or of Avnel's ability to extract these Mineral Reserves, could have a material adverse effect on Avnel's results of operations and financial condition.

Uncertainty Relating to Inferred Mineral Resources

There is a risk that Inferred Mineral Resources cannot be converted into Mineral Reserves as the ability to assess geological continuity is not sufficient to demonstrate economic viability. Due to the uncertainty associated with Inferred Mineral Resources, there is no assurance that Inferred Mineral Resources will be upgraded to Mineral Resources with sufficient geological continuity to constitute Proven and Probable Mineral Reserves as a result of continued exploration.

Uncertainty Relating to Production Estimates

Avnel prepares estimates of future production and future production costs for particular operations at its existing underground Kalana Gold Mine. No assurance can be given that production estimates will be achieved. These production estimates are based upon, among other things, the following factors: The accuracy of historical Mineral Reserve estimates; the accuracy of assumptions regarding ground conditions and physical characteristics of ores, such as hardness and presence or absence of particular metallurgical characteristics; and the accuracy of estimated rates and costs of mining and processing.

Actual production may vary from estimates for a variety of reasons, including actual ore mined varying from estimates of grade, tonnage, dilution and metallurgical and other characteristics; short-term operating factors relating to Mineral Reserves, such as the need for sequential development of ore bodies and the processing of new or different ore grades; risk and hazards associated with mining; natural phenomena, such as inclement weather conditions, underground floods, earthquakes, pit wall failures and cave-ins; and unexpected labour shortages or strikes. Failure to achieve production estimates could have an adverse impact on our future cash flows, earnings, results of operations and financial condition.

Gold Prices

The development and success of the Kalana Main Project will be, among other things, dependent on the future price of gold. The two principal uses of gold are bullion investment and product fabrication. Within the fabrication category there are a wide variety of end uses, the largest of which is the manufacture of jewelry. Other fabrication purposes include official coins, electronics, dentistry, medallions, and other industrial and decorative uses.

Gold prices are subject to significant fluctuation and are affected by a number of factors that are beyond Avnel’s control. Such factors include, but are not limited to, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and foreign currencies, global and regional supply and demand, and the political and economic conditions of major gold-producing countries throughout the world. The price of precious metals, bulk commodities, and base metals has fluctuated widely the past 10 years, and future serious price declines could cause continued development of and commercial production of our properties to be impracticable. Depending on the price of gold, projected cash flow from planned mining operations may not be sufficient and Avnel could be forced to discontinue development and may lose its interest in, or may be forced to sell, some of its assets, including the Kalana Main project. Future production from the underground Kalana Gold Mine is dependent on gold prices that are adequate to make the project economic.

In addition to adversely affecting Avnel's financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

Sales and Refining

Gold can be readily sold on numerous markets throughout the world and its market price can be readily ascertained at any time. Because there are a large number of available gold purchasers, the Company is not dependent upon the sale of gold to any one customer.

The Company's gold production is currently refined to market delivery standards by a third-party refinery. The Company believes that, because of the availability of alternate refiners, the inability of the Company's refiners to process the Company's product would not have a material adverse effect on the Company.

Cash Costs of Gold Production

Avnel's total cash operating costs to produce an ounce of gold are dependent on a number of factors, including the grade of material mined and processed, metallurgical recovery, plant throughput, consumable costs, and labour costs. In the future, the actual performance of the Company may differ from forecasted performance.

Hedging Activities

The profitability of the Company is directly related to the market price of gold. From time to time, the Company may engage in hedging agreements or activities to minimise the effect of declines in gold prices on its operating results. While these hedging activities may protect the Company against lower gold prices, they may also limit the price that the Company can realise on the gold it produces where the market price of gold exceeds the gold price in such forward sales or option contracts. As a result, the Company may be prevented from realizing possible revenues in the event that the market price of gold exceeds the price stated in such forward sales or option contracts. In addition, the Company may experience losses if a counterparty fails to purchase gold under a contract when the contract price exceeds the spot price for the commodity.

Dependence on Limited Mining Properties

The Kalana Main Project, the Kalana Exploitation Permit, and the Fougadian Permit account for all of Avnel's Mineral Resources and the potential for the future generation of revenue. Any adverse development affecting the Company's operations such as, but not limited to, obtaining financing on commercially suitable terms, hiring suitable personnel and mining contractors, or securing supply agreements on commercially suitable terms, may have a material adverse effect on the Company's financial performance and result of operations.

Dependence on Cash Flows of Subsidiaries

Avnel is a holding company that conducts all of its operations through its subsidiaries, each of which is incorporated outside of North America. Avnel has no direct operations and no significant assets other than the shares of its subsidiaries. Therefore, Avnel is dependent on the cash flows of its subsidiaries to meet its obligations, including payment of principal and interest on any debt it incurs. The ability of Avnel's subsidiaries to provide it with payments may be constrained by the following factors:

- The level of taxation, particularly corporate profits and withholding taxes, in the jurisdiction in which they operate;
- the introduction of exchange controls and repatriation restrictions or the availability of hard currency to be repatriated;
- the ownership interests of other investors in Avnel's subsidiaries, including the possible inability of SOMIKA to pay dividends and the Malian Government's priority dividend right in respect of its interest in SOMIKA; and
- restrictions on the payment of dividends under the Foundation Agreement.

If Avnel is unable to receive sufficient cash from its subsidiaries, it may be required raise funds in a public or private equity or debt offering, or sell some or all of its assets. Avnel can provide no assurances that an offering of its debt or equity can or will be completed on satisfactory terms.

Competition

Significant and increasing competition exists for attractive mineral acquisition opportunities throughout the world. As a result of this competition, some of which is with larger, better established mining companies with substantial greater capabilities and financial and technical resources, Avnel, if it wishes, may be unable to acquire rights to exploit additional attractive exploration and mining properties on terms it considers acceptable. Accordingly, there can be no assurance that Avnel will acquire any interest in additional operations that would yield Mineral Reserves or result in commercial mining operations. If Avnel is not able to acquire such interests, this could have an adverse impact on future cash flows, earnings, results of operations, and financial condition.

In addition, the mining industry is cyclical in nature and is routinely impacted by increases and decreases in worldwide demand for critical resources such as input commodities, drilling equipment, tires, and skilled labour. Upward fluctuations may cause unanticipated cost increases and delays in delivery times, thereby impacting operating costs, capital expenditures, and production schedules.

Insurance and Uninsured Risks

Avnel's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods, and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to Avnel's properties or the properties of others, delays in development or mining, monetary losses, and possibly legal liability.

Although Avnel maintains insurance to protect against certain risks in amounts it considers reasonable, its insurance will not cover all the potential risks associated with its operations. Avnel may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to Avnel or to other companies in the mining industry on acceptable terms. Avnel might also become subject to liability for pollution or other hazards which may not be insured against or which Avnel may elect not to insure against because of premium costs or other reasons. Losses from these events may cause Avnel to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Due to Malian law, which states that insurance should be contracted only with local Malian insurance companies, Avnel has not had property insurance cover since July 31, 2009. The Company has been in negotiation with its UK insurance brokers and Malian insurance companies to place the insurance with a Malian insurance company and then re-insure the risk in Europe.

Environmental Risks and Hazards

All phases of Avnel's operations are subject to laws and regulations relating to the protection of the environment, including laws regulating the removal of natural resources from the ground and the discharge of materials into the environment. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner that may require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors, and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect Avnel's operations. Environmental hazards may exist at the Kalana Gold Mine that are unknown to Avnel at present and which have been caused by previous or existing owners or operators of the properties.

Government Regulation

Avnel's mineral exploitation, exploration, and planned development activities are subject to various laws governing prospecting, mining, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people, and other matters. Although the Company believes that Avnel's exploration and development activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development.

Avnel's mineral rights and interests are subject to Malian Government approvals, licenses, and permits. Such approvals, licenses, and permits are, as a practical matter, subject to the discretion of the applicable governments or governmental officials. No assurance can be given that Avnel will be successful in maintaining any or all of the various approvals, licenses, and permits in full force and effect without modification or revocation.

Malian Government approvals and permits are currently, and may in the future be, required in connection with Avnel's operations. To the extent such approvals are required and not obtained, Avnel may be curtailed or prohibited from continuing or proceeding with planned exploration or development of mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions there under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws and regulations governing operations or more stringent implementation thereof could have a substantial adverse impact on Avnel and cause increases in exploration expenses, capital expenditures, production costs, or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Risk of International Operations

Avnel and its subsidiaries' only significant assets and operations are subject to various political, economic and other uncertainties, including, among other things, the risks of war and civil unrest, expropriation, nationalization, renegotiation or nullification of existing concessions, licenses, permits, approvals and contracts, taxation policies, foreign exchange and repatriation restrictions, changing political conditions, international monetary fluctuations, currency controls and foreign governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. In addition, in the event of a dispute arising from foreign operations, Avnel may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of courts of its choice. Avnel also may be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity. It is not possible for Avnel to accurately predict such developments or changes in laws or policy or to what extent any such developments or changes may have a material adverse effect on Avnel's operations.

Political Risk

The Republic of Mali has a short democratic history having held its first democratic presidential election in 1992. On March 22, 2012 elements of the Malian army displeased with government response towards Tuareg movements in the north of the country mounted a coup to displace President Amadou Toumani Touré. A period of uncertainty extended for two weeks until the junta agreed with negotiators from the Economic Community of West African States to reinstate the constitution and cede power in exchange for the lifting of sanctions imposed by neighboring countries and the resumption of international aid. Instability persisted through the year and a second change of leadership occurred in December 2012 before elections were held in 2013.

There is no assurance that future political and economic conditions in Mali and any other countries in which Avnel may establish operations will not result in their governments adopting different policies respecting foreign ownership of Mineral Resources, taxation, rates of exchange, environmental protection, labour relations, repatriation of income or return of capital. The possibility that a future government in any of these countries may adopt substantially different policies, which might extend to the expropriation of assets, cannot be ruled out.

Mining Taxation

In Mali, the mining tax regime applicable to SOMIKA, the Kalana Gold Mine, and the Kalana Exploitation Permit is derived from a combination of mining and tax legislation and contractual mining conventions that include fiscal stability guarantees. The application of specific tax provisions and the stability guarantee may be subject to interpretation. In the event of a dispute, an international arbitration process may be required.

Need for Additional Mineral Reserves

Because mines have limited lives based on Proven and Probable Mineral Reserves, Avnel will be required to continually replace and expand its Mineral Reserves as its mines produce gold. Avnel's ability to maintain or increase its annual production of gold in the future may be dependent in significant part on its ability to bring new mines into production and to expand Mineral Resources and Mineral Reserves at existing mines.

No Assurance of Titles or Boundaries

Titles to Avnel's properties may be challenged or impugned, and title insurance is generally not available. In particular, Avnel's right to the Kalana Exploitation Permit, Kalana Main Project, and the Kalana Gold Mine may be subject to prior unregistered agreements, transfers or claims, and title may be affected by, among other things, undetected defects. In addition, Avnel may be unable to operate its properties as permitted or to enforce its rights with respect to its properties.

Estimation of Asset Carrying Values

The Company reviews its long-lived assets in property, plant and equipment for impairment in accordance with ASC Topic 360 (Property, Plant and Equipment). The Company evaluates the carrying value of its properties and equipment when events or changes in circumstances warrant and tests for recoverability of the long life asset value. An impairment loss is recognised for assets to be held and used when the estimated undiscounted future cash flows expected to result from the asset including ultimate disposition are less than its carrying amount. Impairment is measured by the excess of carrying amount over the fair value of the assets. With respect to properties, a test for recoverability is performed to determine if the estimated future cash flows exceed the carrying amount of the assets. Measurement of any impairment loss is determined by the estimated fair value of the assets based on the best information available, comparable asset values in the market and the use of valuation techniques. Although management has made a reasonable estimate of factors based on current conditions and information, assumptions underlying future cash flows are subject to significant risks and uncertainties. Estimates of undiscounted future cash flows are dependent upon estimates of metals to be recovered from Proven and Probable Mineral Reserves, and to some extent, identified resources beyond Proven and Probable Mineral Reserves, future production and capital costs, and estimated metals prices (considering current and historical prices, forward pricing curves and related factors) over the estimated remaining mine life. It is reasonably possible that changes could occur in the near term that could adversely affect our estimate of future cash flows to be generated from our operating properties.

Currency Risks

Avnel's revenue from financing activities is received in either United States dollars or Canadian dollars while a significant portion of its operating expenses are incurred in CFA francs and other foreign currencies. From time to time, Avnel may borrow funds and incur capital expenditures that are denominated in foreign currencies. Accordingly, foreign currency fluctuations may adversely affect Avnel's financial position and operating results.

Key Personnel

Avnel depends on a relatively small number of key employees, the loss of any of whom could have an adverse effect on Avnel. Avnel does not have key person insurance on these individuals.

Avnel requires specialist skills such as geologists, mining engineers, metallurgical engineers, electrical and mechanical engineers, financial accountants, human resource managers, and procurement staff to operate the Kalana Gold Mine and conduct exploration on the Kalana Exploitation and the Fougadian Exploration permits. At this time, there is significant competition for these skills within the mining industry and there is no guarantee that Avnel will be able to recruit and retain suitably qualified and experienced personnel.

Dividend Policy

No dividends on the Common Shares have been paid by Avnel to date. Payment of any dividends will be at the discretion of Avnel's board of directors after taking into account many factors, including Avnel's operating results, financial condition, and current and anticipated cash needs.

In addition, cash from operations will be earned largely by SOMIKA. Dividends are payable from SOMIKA only with the approval of the Board of Directors of SOMIKA, which includes two nominee directors of the Malian Government and five directors appointed by Avnel. The Malian Government also has a priority dividend entitlement in respect of dividends paid by SOMIKA.

Future Sales of Common Shares by Existing Shareholders

Collectively, Elliott International, L.P., Elliott Associates L.P., Elliott Advisors (UK), Manchester Securities Corp., and the Liverpool Limited Partnership (the "Elliott Group") owned approximately 60.74% of the outstanding Common Shares as at December 31, 2015. Sales of a large number of Common Shares in the public markets, or the potential for such sales, could decrease the trading price of the Common Shares and could impair Avnel's ability to raise capital through future equity offerings.

Potential Conflicts of Interest

The Elliott Group owned approximately 60.74% of the outstanding Common Shares of Avnel as at December 31, 2015. Accordingly, Elliott Group has the ability to influence matters requiring shareholder approval, including the election of directors. Circumstances may occur in which the interests of Elliott Group could conflict with the interests of the other shareholders of Avnel. There can be no assurance that any such conflicts of interest will be resolved in favour of these other shareholders.

Equity Dilution

Issuances of additional securities pursuant to financings will result in dilution of the equity interests of entities that are currently shareholders or who become shareholders of Avnel. The Company has also issued dilutive instruments that, if exercised, could result in significant equity dilution. A summary of the Company's issued and outstanding dilutive instruments in presented in the section titled "Description of Capital Structure" below.

Hazardous Materials

The Company may be required to incur substantial costs or capital expenditures in order to comply with requirements relating to the storage of hazardous materials or relating to, among other things, the discharge of contaminants into water, air and into or onto lands, the disposal of waste, the handling, storage and transportation of hazardous materials and the storage of such materials in underground tanks. Any failure to comply with these requirements could result in substantial fines, delays in exploration or production, or the withdrawal of the Company's permits or licenses. The Company could also be responsible for cleanup of or damages from the release of hazardous materials on or emanating from properties where these materials are stored. Certain hazardous materials are presently stored on the Kalana Gold Mine site, including diesel fuel, arsenic trioxide, and sulphide concentrates tailings that remain from the SOGEMORK operations. The Government of Mali has absolved the Company of all environmental liabilities created prior to 2003.

Electricity Supply

The Kalana Gold Mine receives 100% of its electricity supply pursuant to an agreement with a corporation affiliated with the Malian Government. Diesel generators on site can provide sufficient power for water pumping from underground and limited operations. Failure in electrical power and shortages of the supply of diesel, mechanical parts, and other items required for Avnel's operations at the Kalana Gold Mine, such as, extended periods without electricity or other necessary elements required to support its operations could have an adverse effect on Avnel's business, results of operations, and financial condition.

Environmental Impact of Mine Operations

The mining and treatment processes at the Kalana Gold Mine have resulted in the emission of concentrations of certain chemicals in surface water, such as arsenic, that are at levels below World Health Organization guideline values. In the future, the presence of these or other chemicals in tailings, gasses discharged from the calcine oven stack, or other discharge sources could potentially rise to unacceptable emission levels.

Community Relocation Action Plan

As part of the proposed development of an open pit mining operation at Kalana Main, the Company anticipates that 437 homes from the Village of Kalana will need to be relocated. A comprehensive plan for affected stakeholders was developed from a series of formal public participation events that occurred during 2015. The Company has engaged with the local communities, particularly the Village of Kalana, through public disclosure regarding information on the development of the Kalana Main Project. Although community consultation efforts to date have been positive, largely due to the Company's longstanding presence in the region as the largest single employer, there can be no guarantee that negotiations will be successful. There is a risk that such relocations may result in delays in the Company's operations and/or increased operating costs, which could have an adverse effect on the Company's operating results and financial position.

Unionised Workforce

Employees of SOMIKA are members of a Malian national trade union. The terms of employment of SOMIKA's employees are determined by the provisions of a collective agreement that provides for a right to strike. There is no guarantee that, upon expiry of the existing collective agreement, Avnel will be able to successfully negotiate a new collective agreement. Strikes or lockouts may restrict Avnel's ability to produce gold at the Kalana Gold Mine or complete exploration projects on the Kalana Exploitation Permit.

Internal Controls over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives due to its inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is therefore subject to error, collusion, or improper override. Given such limitations, there is a risk that material misstatements may not be prevented or detected on a timely basis, and although it is possible to incorporate into the financial reporting process safeguards to reduce this risk, they cannot be guaranteed to entirely eliminate it. If the Company fails to maintain effective internal control over financial reporting, then there is an increased risk of an error in the Company's financial statements that could result in the Company being required to restate previously issued financial statements at a later date.

DIVIDENDS

Avnel has not, since the date of its incorporation, declared or paid any dividends on Common Shares and does not currently have a policy with respect to the payment of dividends. For the foreseeable future, Avnel anticipates that it will retain future earnings and other cash resources for the operation and development of its business. The payment of dividends in the future will depend on the earnings, if any, and Avnel's financial condition and such other factors as the directors of Avnel consider appropriate.

DESCRIPTION OF CAPITAL STRUCTURE

The authorised share capital of Avnel consists of an unlimited number of Common Shares. As at the date of this AIF, there are 304,330,124 Common Shares issued and outstanding and 103,892,176 outstanding options and warrants, each to acquire one Common Share.

The following is a summary of the rights, privileges, restrictions, and conditions attaching to each class of outstanding authorised security of Avnel.

Common Shares

Avnel is authorised to issue an unlimited number of Common Shares. The holders of the Common Shares are entitled to:

(a) Vote at all meetings of shareholders of Avnel, except meetings at which only holders of a specified class of shares are entitled to vote;

(b) receive, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of Avnel, any dividends declared by Avnel; and

(c) receive, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of Avnel, the remaining property of Avnel upon the liquidation, dissolution or winding-up of Avnel, whether voluntary or involuntary.

Share Purchase Options

As at the date of this AIF, the Company had 7,635,000 share purchase options issued and outstanding, issued for the benefit of directors, employees and consultants of the Company under the Company's Share Option Plans. Each share purchase option entitles the holder to acquire one Common Share at exercise prices detailed below.

Avnel's issued share purchase options consist of:

(a) 2,500,000 amended CEO options issued on February 23, 2005, which can be exercised at a price of US$0.275 per option to obtain one Avnel Common Share, expiring on February 23, 2023; and

(b) 5,135,000 Employee Long Term Incentive Plan options issued between August 2005 and December 31, 2015, which can be exercised at a price of between CS$0.20 and C$0.60 per option to obtain one Avnel Common Share, expiring between December 2016 and March 2023:

Date of Grant	Vesting Date	Expiration Date	Exercise Price ($C)	Number Outstanding
August 8, 2008	August 8, 2008	August 6, 2018	0.45	1,500,000
January 1, 2011	January 1, 2011	December 31, 2016	0.35	170,000
January 1, 2011	January 1, 2012	December 31, 2016	0.35	170,000
January 1, 2011	January 1, 2013	December 31, 2016	0.35	160,000

November 15, 2011	November 15, 2011	November 15, 2021	0.60	1,500,000
March 25, 2013	March 25, 2013	March 25, 2023	0.35	50,000
September 5, 2014	September 5, 2014	September 5, 2019	0.25	300,000
September 5, 2014	September 5, 2014	September 5, 2019	0.20	920,000
September 5, 2014	September 5, 2015	September 5, 2019	0.20	245,000
September 5, 2014	September 5, 2016	September 5, 2019	0.20	120,000
				5,135,000

Warrants and Compensation Options

The following table shows the number of warrants (and similar instruments) to purchase Common Shares of the Company as at December 31, 2015.

Date Issued	Type	Date Expiring	Exercise Price (C$)	Number Outstanding
July 17, 2014	Warrants*	January 17, 2017	0.20	67,586,400
July 17, 2014	Broker Compensation Options	July 17, 2017	0.15	1,222,776
July 17, 2014	Broker Warrants	January 17, 2017	0.20	810,000
July 17, 2014	Broker Compensation Units	July 17, 2016	0.15	810,000
Sept 18, 2014	Warrants	September, 18 2016	0.25	2,000,000
May 7, 2015	Warrants	May 7, 2017	0.40	21,450,000
May 7, 2015	Broker Warrants	May 7, 2017	0.27	2,378,000
				96,257,176

* The warrants issued on July 17, 2014, entitle the holder to purchase one Common Share in the capital of the Company at a price of C$0.20, at any time for a period of 30 months from the date of issue. However, in the event that the Common Shares trade on the TSX, or other recognised stock exchange or market, as applicable, at a volume-weighted average price of C$0.30 or more for a period of at least 20 consecutive trading days, the Company shall be entitled to accelerate the exercise period to a period ending at least 30 days from the date that notice of such acceleration is provided to the holders of warrants.

MARKET FOR SECURITIES

Trading Price and Volume of Common Shares

The Common Shares have been listed and posted for trading on the TSX since June 30, 2005 under the trading symbol "AVK" and has a quoted market capitalisation of approximately C$[**85**] million as of the date of this AIF.

The following table sets forth the reported high and low sale prices and the trading volume for the Common Shares on the TSX, for the periods indicated:

Period	High (C$)	Low (C$)	Volume
2015			
January	0.265	0.225	301,500
February	0.310	0.170	417,252
March	0.300	0.220	805,220
April	0.300	0.230	978,900
May	0.270	0.220	311,150
June	0.280	0.240	709,975
July	0.270	0.210	509,478
August	0.250	0.185	91,450
September	0.250	0.195	205,632
October	0.260	0.230	534,151
November	0.255	0.195	232,075
December	0.250	0.210	533,790
2016			
January	0.250	0.180	803,155
February	0.250	0.205	1,207,690
March (1 – 29)	0.285	0.240	4,467,141

In addition to trading on the TSX, the Company's shares also trade on several alternate trading systems.

Prior Sales

In May 2015, the Company closed a financing and issued 42,900,000 units (the "Units") in the capital of the Company at a price of C$0.28 per Unit for gross proceeds of C$12,012,000. Each Unit consisted of one Common Share in the capital of the Company and one half of one share purchase warrant. Each whole warrant is exercisable into one Common Share at an exercise price of C$0.40 per share for a period of 24 months. As part of the brokers' compensation for this offering, 2,378,000 broker warrants were issued. Each broker warrant is exercisable into one Common Share at an exercise price of $0.27 per share for a period of 24 months.

DIRECTORS AND OFFICERS

Name, Occupation, and Security Holdings

The following table sets forth, as at December 31, 2015, unless otherwise indicated, the names and municipalities of residence, the position held with Avnel and the principal occupation of each of the current directors and senior officers of Avnel.

Name, Municipality of Residence Present Position with Avnel	Principal Occupation for the Past Five Years	Period as Director[(1)]
Howard B. Miller [(2)] London, United Kingdom Chief Executive Officer and Chairman of the Board of Directors	Chief Executive Officer and Chairman of the Company. Director of Anglesey Mining plc (LSE) since 2001.	February, 2005 - present

Name, Municipality of Residence Present Position with Avnel	Principal Occupation for the Past Five Years	Period as Director(1)
Anthony M. Bousfield (3), (7) St. Andrews, Guernsey Director	Consultant to corporate trustees; director Fern Group Limited; advisor to the Trustees of the Fern Trust and other private business interests.	February, 2005 - present
Ibrahim Kantao (3), (6), Bamako, Mali Director	Director General of AEL Mali SARL	February, 2005 - present
John Kearney (3), (4), (7) Toronto, Ontario, Canada Director	Chairman and President of Canadian Zinc Corporation (TSX); Chairman and Chief Executive Officer of Labrador Iron Mines Holding Limited (TSX); Chairman of Conquest Resources Limited (TSXV); Chairman of Anglesey Mining plc (LSE); Chairman of Director of Minco plc (AIM); Lead Independent Director of Avnel's Board of Directors.	February, 2005 - present
Jonas U. Rydell (8) London, United Kingdom Director	Securities Analyst with Elliott Advisors (UK).	February, 2005 - present
Andrew King (3), (6), (7) London, United Kingdom Director	Group Business Development Director of the Amalgamated Metal Corporation PLC since September 2015. Previously Franchise Head, Developed Markets (2012 to 2014) and Chief Executive, Asia of Standard Bank PLC. A non-executive director of Rame Energy PLC (AIM) since October 2014.	March 30, 2015- present
Keith McCandlish (3), (5), (7) Calgary Canada Director	Managing director of DMT Geosciences Ltd.	March 30, 2015- present
Roy Meade Bamako, Mali Director	President of the Company since March 30, 2015. Previously, Executive Director, Operations of the Company since January 1, 2011. Also Director General of SOMIKA since January 1, 2009. General Manager of SOMIKA and a member of the Board of Directors of SOMIKA.	February, 2005 – March 30, 2015
Alan McFarlane Hertfordshire, United Kingdom Chief Financial Officer	Vice President, Finance and Corporate Secretary on the Corporation since February 2009. Chief Financial Officer since 1 July 2012.	N/A
Olivier Femenias Scottish Borders Vice President Geology	Vice President, Geology for the Company. Previously, Group Geology Manager for the Company from May 2013 to November 2013. Senior Project Geologist – GENEX Project Manager for the IAMGOLD Corporation from June 2012 to April 2013. Previously, Project Geologist – Kalana Project Manager for the IAMGOLD Corporation responsible for exploration activities at the Kalana Project.	N/A
Jeremy Link (9) Toronto, Canada Vice President, Corporate Development	Vice-President, Corporate Development for the Company since September 2014. Principal of Jeremy Link Consulting Services since 2011. Vice-President, Corporate Development of the San Gold Corporation (TSX) from July to November 2011. Previously, Director, Investor Relations with Alamos Gold Inc. (TSX). Since 2013, a member of Board of Directors for ScoZinc Mining Ltd. (TSXV), a base metal development company.	N/A

(1) Each director is elected for a term expiring at the next annual general meeting of Avnel.

(2) Mr. Miller was appointed Chief Executive Officer on September 30, 2008. Mr. Miller's family are the beneficiaries of the Fern Trust that as at December 31, 2015 owned 33,602,022 Common Shares.

(3) Member of the sole committee of the Board of Directors of Avnel (the "Committee") which performs the functions of an Audit Committee, a Compensation Committee, a Corporation Governance and Nominating Committee, and a Reserves, Resources, and Environmental Committee function. Mr Bousfield replaced Mr. McCandlish on the audit committee on August 6, 2015.

(4) Chairman of the Committee in respect of its Audit Committee function and its Corporation Governance and Nominating Committee function.

(5) Chairman of the Committee in respect of its Reserves, Resources, and Environmental Committee function.

(6) Chairman of the Committee in respect of its Compensation Committee function.

(7) Messrs. Bousefield, Kearney, Kantao, King, and McCandlish are independent directors.

(8) Mr. Rydell is a securities analyst with Elliott Advisors (UK), part of the Elliott Group. As at December 31, 2015, the Elliott Group collectively, owned or exercised beneficial control over 184,839,089 Common Shares and 62,928,572 Common Share purchase warrants.

(9) Mr. Link owns directly or exercised beneficial control over 2,245,500 Common Shares and 2,100,000 Common Share purchase warrants as at December 31, 2015.

No director, and no company in respect of which any director is or was a director or executive officer, has been subject to bankruptcy or insolvency proceedings or a cease trade order under securities legislation, in each case in the last 10 years, other than John Kearney, who is also is a Director of Labrador Iron Mines Holdings Limited which, on April 2, 2015, instituted proceedings in the Ontario Superior Court of Justice for a financial restructuring by means of a plan of compromise or arrangement under the *Companies Creditors Arrangement Act*.

As at the date of this AIF, the current Board of Directors and executive senior officers of Avnel beneficially own or control, directly or indirectly, as a group, 2,246,500 Common Shares of Avnel.

Conflicts of Interest

Certain directors and officers of Avnel are directors, officers, and/or shareholders of other private and publicly listed companies. While there is potential for conflicts to arise, the Board of Directors of Avnel has not received notice from any director or officer of Avnel indicating that such a conflict currently exists. Conflicts of interest affecting the directors and officers of Avnel will be governed by the Guernsey Act and other applicable laws, including TSX rules and *Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions*, as applicable. In the event that such a conflict of interest arises at a meeting of the Board of Directors of Avnel, a Director who has such a conflict must disclose the nature and extent of his interest and abstain from voting for or against matters concerning the venture.

Collectively, the Elliott Group owned or exercised beneficial control over approximately 60.74% of the outstanding Common Shares as at December 31, 2015. Accordingly, the Elliott Group has the ability to influence matters requiring shareholder approval, including the election of directors. Circumstances may occur in which the interests of the Elliott Group could conflict with the interests of the other shareholders of Avnel. There can be no assurance that any such conflicts of interest will be resolved in favour of these other shareholders. See "Risk Factors – Potential Conflicts of Interest".

AUDIT COMMITTEE

The Audit Committee's Charter

The Board of Directors of Avnel adopted a charter for the Audit Committee on February 23, 2005 (the "Audit Committee Charter"). The Audit Committee Charter is set out in full in Schedule "A" to this AIF. The text of the Audit Committee Charter is also available on SEDAR at www.sedar.com.

Composition of the Audit Committee

As at the date of this AIF, the members of the Audit Committee of the Company are Mr. John Kearney (chair), Mr. Andrew King, and Mr. Anthony Bousfield, all of whom are "financially literate" and "independent" within the meaning of *National Instrument 52-110 – Audit Committees* ("NI 52-110").

Relevant Education and Experience

In addition to each member's general business experience, the education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as an Audit Committee member is as follows:

Mr. John Kearney

Mr. Kearney, Chairman of the Audit Committee, is independent and financially literate. He holds degrees in law and economics from University College Dublin, a Masters Degree in Business Administration from Trinity College, Dublin and obtained the designation Associate of the Chartered Institute of Secretaries and Administrators (ACIS) in which he completed advanced accounting courses. He is a member of the Law Society of Ireland.
Mr. Kearney has been an officer and director of public companies for a period in excess of twenty-five years. He has an in depth understanding of the accounting principles used by the Company to prepare its financial statements and has the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves by the Company. He has extensive experience in supervising the preparation, auditing, analysing and evaluation of financial statements with accounting issues at least comparable to the financial statements and the issues that can reasonably be expected to be raised by the Company's financial statements. He has an in depth understanding of procedures for financial reporting and the application of internal controls.

Mr. Andrew King

Mr. King is a member of the Audit Committee and is independent and financially literate. He graduated from the University of Witwatersrand with a degree in Metallurgical Engineering and has an MBA in Finance and Strategy from the London Business School.

Mr. King is a former investment banker with significant expertise in resource financing and operations within emerging markets, including Africa, Latin America and Asia. Until departing Standard Bank in 2014, he spent the prior 14 years in a variety of roles, including managing the Resource Banking division, which encompassed all the bank's activities in the resources sector. He also served as the Chief Executive of Standard Bank Asia Limited in Hong Kong. At the time of his departure from Standard Bank, Mr. King was responsible for Corporate and Investment Banking client coverage in Europe and North America. Prior to joining Standard Bank in 1999, Mr. King worked for BMO Capital Markets and Warrior International.

As a result of his academic training and professional work experience, Mr. King has an understanding of the accounting principles used by the Company to prepare its financial statements and has the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves by the Company. He also has extensive experience in reviewing financial statements and the procedures for financial reporting and application of internal controls.

Mr. Anthony Bousfield

Mr. Bousfield is a member of the Audit Committee and is independent and financially literate. Mr. Bousfield was the Chief Executive Officer of Merlin Group Securities Limited for over 10 years and retired from this position on December 31, 2008. As a result of his professional work experience, Mr. Bousfield has an understanding of the accounting principles used by the Company to prepare its financial statements and has the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves by the Company.

Pre-Approval Policies and Procedures

The Audit Committee Charter provides that pre-approval of the Audit Committee is required for the engagement of non-audit services as provided for in NI 52-110, and the Audit Committee must pre-approve all non-audit services to be provided to the Company or its subsidiaries, unless otherwise permitted by NI 52-110.

External Auditor Service Fees

For the financial years ended December 31, 2015 and December 31, 2014, Ernst & Young LLP charged the following fees to the Company:

Services	2015 Fees ($)	2014 Fees ($)
Audit Fees	255,550	249,000
Audit-Related Fees	Nil	Nil
Tax Fees	Nil	Nil
All Other Fees[1]	Nil	2,500
Total	**255,550**	**251,500**

The aggregate fees billed for assurance and related services by the Company's auditor that are reasonably related to the performance of the audit or review of the Company's financial statements and are not disclosed in the 'Audit Fees' row. "All Other Fees" reported in 2014 were related to general accounting matters.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Avnel is not the subject of any legal proceedings material to Avnel, to which Avnel is a party or to which any of its properties is subject and no such proceedings are known to be contemplated. In addition, there were no penalties or sanctions imposed against the Company by a court relating to securities legislation or by a securities regulatory authority during the 2015 financial year, no other penalties or sanctions imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decision, and no settlement agreements entered into by the Company with a court relating to securities legislation or with a securities regulatory authority during the 2015 financial year.

CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES, OR SANCTIONS

The directors and executive officers of the Company have furnished the following information.

No director or executive officer of the Company is, as at the date hereof, or was within 10 years before the date hereof, a director, CEO or CFO of any company (including the Company) that was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, in effect for a period of more than 30 consecutive days:

(a) That was issued while the director or executive officer was acting in the capacity as director, CEO or CFO, or

(b) that was issued after the director or executive officer ceased to be a director, CEO or CFO and which resulted from an event that occurred while that person was acting in the capacity as director, CEO or CFO.

In addition, except as set forth below, no director or executive officer of the Company:

(c) Is, as of the date hereof, or has been within 10 years before the date hereof, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(d) has, within 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager, or trustee appointed to hold the assets of the director or executive officer.

Finally, except as set forth below, no director or executive officer of the Company has been subject to:

(e) Any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(f) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Itemised below are all material transactions entered into during the three years prior to the date of this AIF or during the current financial year with any director, executive, or shareholder of Avnel or any associate or affiliate of such person that have materially affected or will materially affect the Company:

(a) SOMIKA made purchases of $357,000 in 2015 of explosives from African Explosives Limited ("AEL") on normal commercial terms. The Company also has an ongoing supply agreement with AEL Mali SARL. Mr. Ibrahim Kantao, a Director of Avnel and SOMIKA, is also a director of AEL and Director General of AEL Mali SARL. The contract has a three-month notice period. In the absence of other competitive sources, it is anticipated that purchases of explosives from AEL will continue on a similar basis.

(b) The premises occupied by Avnel and Kalana Mine Services in London are leased at an annual rental of approximately $159,000 per annum, excluding UK Value Added Tax, from a company associated with the Fern Trust, an insider of the Company.

(c) The Company has a contract DMT Geosciences as consultants for the DFS. Consulting costs $8,400 were charged in 2015. Mr. McClandlish became a member of the Avnel Board on March 30, 2015 and is the Managing Director of DMT Geosciences.

TRANSFER AGENT AND REGISTRAR

The Company's transfer agent and registrar is Computershare Investor Services Inc., located at 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1.

MATERIAL CONTRACTS

The only material contracts entered into within the most recently completed financial year or prior to the most recently completed financial year and still in force that are required to be filed on SEDAR under section 12.2 of National Instrument 51-102 – *Continuous Disclosure Obligations* ("NI 51-102") of the Canadian Securities Administrators are as follows:

Foundation Agreement

On February 14, 2003, Avnel Cayman and the Republic of Mali entered into a *Convention D'establishment* that granted exploitation rights for an initial period of 30 years and sets out the fiscal, economic and customs regime as stipulated in the 1999 Mining Code and the fiscal law of the Republic of Mali (the "Foundation Agreement").

The key terms of the Foundation Agreement are as follows:

- The term of the agreement is 30 years. If exploitation of the Kalana Gold Mine and Concession exceeds this period, Avnel Cayman and the Malian Government will undertake negotiations in order to enter into a new agreement.
- Avnel Cayman was required to establish and transfer the Kalana Exploitation Permit to SOMIKA, and provide the Malian Government with a 20% equity interest in SOMIKA. The Malian Government's interest in SOMIKA shall not, at any time during the term of the Foundation Agreement, exceed 20% of the total share capital. The Malian Government's interest in SOMIKA also includes anti-dilution rights.
- The government's 20% shareholding in SOMIKA has a priority dividend right in respect of profits available for distribution.
- Avnel Cayman and SOMIKA are granted stability guarantees in respect of tax and custom duties, and are also required to pay a 3% Net Smelter Return ("NSR") royalty to the government.
- A proportional stamp duty that is equivalent to 0.6% on gold exports.
- Either party to the Foundation Agreement may assign its rights and obligations to technically and financially qualified entities with the consent of the other party. The non-assigning party retains a pre-emptive right with respect to the participating interest of a party in SOMIKA or the transfer of the Permit.

The Foundation Agreement itself is governed by Mali's 1999 Mining Code, which provides for various tax exemptions and provides sovereign protection from adverse changes in the fiscal regime. The 1999 Mining Code also provides, in respect of any mining permit, a period of three years from first commercial production during which the mining company will be exempted from certain customs, import duties, and other taxes. The Foundation Agreement grants such exemptions independently in respect of the Kalana Gold Mine and concession.

Operatorship Agreement

In accordance with the terms of the Foundation Agreement with the Malian Government, SOMIKA entered into an operatorship agreement (the "Operatorship Agreement") pursuant to which Avnel Cayman operated the mining and exploration activities of SOMIKA. On February 23, 2005, Avnel Cayman assigned its rights in the Operatorship Agreement to Avnel. Avnel currently earns fees as the operator and manager of SOMIKA's mining and exploration activities.

Avnel provides all necessary administrative, financial, technical and consulting services to SOMIKA in respect of the operation of the Kalana Gold Mine. All conditions that apply to exploration and exploitation rights under the Kalana Exploitation Permit, and the exploitation of the Kalana Gold Mine deposit in particular, including work obligations, reporting, taxes, duties, duty-free arrangements and state equity participation, are covered by the Foundation Agreement.

Kalana Mine Services, a London-based, wholly-owned subsidiary of Avnel Cayman, provides purchasing, facilitation, and expediting services and technical assistance to SOMIKA at cost plus a fee of 7.5%.

Upon the development of an open pit mine on the Kalana Exploitation Term, Avnel, as operator, will be entitled to Mine Management Fees of 0.75% of gross revenue, 2.5% of the mine's earnings before interest, taxes, depreciation, and amortization ("EBITDA"), and 4.0% of all capital expenditures.

Shareholders' Agreement

Under the terms of the Foundation Agreement, the Malian Government is entitled to a 20% equity stake in SOMIKA. On July 28, 2003, the shareholders' agreement between the shareholders of SOMIKA (the "Shareholders' Agreement") was approved and executed by Avnel Cayman and the Minister of State Domains of Mali. The Malian Government's 20% share in SOMIKA was placed in trust with Howard B. Miller, the Chief Executive Officer and Chairman of the Board of Directors of Avnel, pending the enactment of the relevant legislation.

On June 24, 2004, an Act of the Malian Parliament was passed to enable the Malian Government to hold the 20% stake in SOMIKA. The shares representing the Malian Government's 20% stake in SOMIKA continued to be held in trust by Mr. Miller pending formal completion of the transfer to the Malian Government, which was completed in 2005.

INTERESTS OF EXPERTS

Ernst & Young LLP are the Company's external auditors and have reported to the shareholders on the Company's consolidated financial statements for the year ended December 31, 2015 in their report dated March 29, 2016. In connection with their audit, Ernst & Young LLP has confirmed that they are independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario**.** Mr. Andrew Smith has advised the Company that he was not, at all relevant times, the registered and/or beneficial owner, directly or indirectly, of any outstanding Common Shares or related securities of the Company.

With respect to technical advisors and consultants, each of Mr. Allan Earl, Mr. Ivor W.O. Jones, and Mr. Glenn Bezuidenhout has advised the Company that they was not, at all relevant times, the registered and/or beneficial owner, directly or indirectly, of any outstanding Common Shares or related securities of the Company.

Information of a scientific or technical nature in this AIF arising since the date of the Kalana Technical Report has been prepared under the supervision of 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 National Instrument 43-101 and whose individual interests in the Company represents less than 1% of the issued and outstanding Common Shares as at the time of this AIF.

ADDITIONAL INFORMATION

Additional information relating to the Company, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, securities authorised for issuance under equity compensation plans and interests of insiders in material transactions, where applicable, is contained in the Company's management information circular for its most recent annual meeting of shareholders, which is available on SEDAR at www.sedar.com.

Additional information, including the Company's financial statements and MD&A for its most recently completed financial year ended December 31, 2015 and the Kalana Technical Report are available on SEDAR at www.sedar.com and on the Company's website at www.avnelgold.com.

Schedule "A" –CHARTER OF THE AUDIT COMMITTEE

The following is the Charter of the Committee in respect of its Audit Committee function.

I. MANDATE

The Audit Committee (the "Committee") is appointed by the Board of Directors (the "Board") of Avnel Gold Mining Limited (the "Corporation") to assist the Board in fulfilling its oversight responsibilities relating to financial accounting and reporting process and internal controls for the Corporation. The external auditors will report directly to the Committee and the Committee shall have direct communication channels with the external auditors of the Corporation. The external auditors shall be ultimately accountable to the Board and the Committee as representatives of the shareholders. The Committee's mandate and responsibilities are to:

1. Recommend to the Board the external auditors to be nominated and the compensation of such auditor;

2. oversee and monitor the work and performance of the Corporation's external auditors, including meeting with the external auditors and reviewing and recommending all renewals or replacements of the external auditors and their remuneration;

3. pre-approve all non-audit services to be provided to the Corporation by the external auditors;

4. review the financial statements and management's discussion and analysis (MD&A) and annual and interim financial results press releases of the Corporation;

5. oversee the integrity of internal controls and financial reporting procedures of the Corporation and ensure implementation of such controls and procedures; and

6. provide oversight to any related party transactions entered into by the Corporation.

II AUTHORITY OF THE AUDIT COMMITTEE

The Committee shall have the authority to:

1. Engage independent counsel and other advisors as it determines necessary to carry out its duties;

2. set and pay the compensation for advisors employed by the Audit Committee; and

3. communicate directly with the external auditors.

II. COMPOSITION AND MEETINGS

1. The Committee and its membership shall meet all applicable legal, regulatory and listing requirements, including those of all applicable securities regulatory authorities.

2. The Committee shall be composed of three directors as shall be designated by the Board from time to time. The members of the Committee shall appoint from among themselves a member who shall serve as Chair. A minimum of two members of the Committee present either in person or by telephone shall constitute a quorum.

3. The Committee members will be elected annually at the first meeting of the Board following the annual general meeting of shareholders.

4. Each member of the Committee shall be "independent" and shall be "financially literate" (as each such term is defined in Multilateral Instrument 52-110) and shall be an "unrelated director" (as such term is defined in the TSX Company Manual). At least one member of the Committee shall have accounting or related financial expertise.

5. The Committee shall meet at least quarterly, as circumstances dictate or as may be required by applicable legal or listing requirements.

6. Any member of the Committee may participate in the meeting of the Committee by means of conference telephone or other communication equipment, and the member participating in a meeting pursuant to this paragraph shall be deemed, for purposes hereof, to be present in person at the meeting.

III. RESPONSIBILITIES

1. The Committee shall review the annual audited financial statements to satisfy itself that they are presented in accordance with applicable generally accepted accounting principles ("GAAP") and report thereon to the Board and recommend to the Board whether or not same should be approved, prior to their being filed with the appropriate regulatory authorities. The Committee shall also review the interim financial statements.

2. The Committee oversees the integrity of internal controls and financial reporting procedures of the Corporation and ensures implementation of such controls and procedures.

3. The Committee shall review any internal control reports prepared by management and the evaluation of such report by the external auditors, together with management's response.

4. The Committee shall be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, management's discussion and

analysis and annual and interim earnings press releases before the Corporation publicly discloses this information.

5. The Committee shall review management's discussion and analysis relating to annual and interim financial statements and any other public disclosure documents, including interim earnings press releases, before the Corporation publicly disclose this information.

6. The Committee shall meet no less frequently than annually with the external auditors and to review accounting practices, internal controls and such other matters as the Committee deems appropriate (including the establishment of the independence of the external auditor). The Committee shall be directly responsible for overseeing the work of the external auditor.

7. The Committee shall establish procedures for:

   a. The receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and

   b. the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

8. The Committee shall annually make recommendations to the Board regarding the selection, appointment and fees of the independent auditors.

9. The Committee shall provide oversight to any related party transactions entered into by the Corporation.

10. In the event that the Corporation wishes to retain the services of the Corporation's external auditors for tax compliance or tax advice or any non-audit services, the Audit Committee, must first pre-approve any such non-audit services (however, the Committee may delegate such approval to one independent committee member if desired, subject to compliance with applicable laws). The Audit Committee shall maintain a record of non-audit services approved by the Audit Committee for each fiscal year and provide a report to the Board on an annual basis.

11. The Committee shall review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former auditors of the Corporation.

12. The Committee shall perform any other activities consistent with this Charter and governing law, as the Committee or the Board deems necessary.

SCHEDULE "B" – COMPARISON OF LAW SUMMARY

	Rights of Holders of Shares in Ontario Company	**Rights of Holders of Shares in Guernsey Company**	**Rights of Holders of Shares in Cayman Company**
RIGHTS ATTACHING TO SHARES			
Share Capital	Under Ontario law, articles specify share capital. Typically a corporation is authorized to issue an unlimited number of common shares. There is no concept of par value under Ontario corporate law and all shares of Ontario corporations, once issued, are deemed to be fully paid and non-assessable.	Avnel Gold Mining Limited's ("Avnel") memorandum and articles of incorporation (the "**Articles**") allow Avnel to issue an unlimited number or common shares of no par value. Avnel is authorized to issue shares with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise.	Avnel Gold, Ltd.'s ("Avnel Cayman") authorised share capital, as set out in its memorandum and articles of association, is US$100,000 divided into 55,000 voting shares of par value of US$1.00 each and 45,000 non-voting shares of par value of $1.00 each.
Voting Rights	Under the *Business Corporations Act* (Ontario) (the "OBCA"), and typical articles, each common share of a corporation entitles the holder to one vote at a meeting of shareholders, unless the articles of incorporation state otherwise. On a show of hands, each holder of shares in the corporation present in person or by proxy and entitled to vote has one vote. If a ballot is called, each holder of shares in a corporation present in person or by proxy will have one vote for each share in the corporation held. The OBCA and typical by-laws provide that a ballot may be demanded by any shareholder or proxy holder entitled to vote at the meeting.	Under Guernsey Companies Law, every shareholder is entitled to one vote in respect of each share held. Such rights may be varied by the memorandum and articles of the company or in accordance with the terms on which the share is issued. The Articles provide that every member present in person or by attorney at a meeting is entitled, on a show of hands, to have one vote and, on a poll, to have one vote for each share held by that person, subject to any rights or restrictions attached to any shares.	Avnel Cayman's articles of association state that, subject to any rights or restrictions attaching to any class of shares, (i) on a show of hands every member present in person or by proxy at a general meeting shall have one vote, and (ii) on a poll every member present in person or by proxy shall have one vote for every share held. A resolution put to the vote at a general meeting shall be decided on a show of hands unless a poll is, before or on the declaration of the result of the show of hands, demanded by the chairman or any other member present in person or by proxy. In the case of an equality of votes, the chairman shall be entitled to a second or casting vote.
Appraisal Rights; Rights to Dissent; Compulsory Acquisition	Pursuant to the OBCA, a shareholder is entitled to exercise a right of dissent on certain prescribed fundamental changes to corporations and, upon exercising such right of dissent, is entitled to be paid the fair value of the shares held by the shareholder in respect of which the shareholder dissents.	Under Guernsey Companies Law, in the case of a scheme or contract that involves the transfer of shares or any class of shares of a company (the "transferor") to any person (the "transferee"), if, within 4 months after the date of making an offer in respect of such a scheme or contract, the offer is approved by shareholders comprising 90% in value of the shares affected (excluding any shares held as treasury shares), the transferee may, within 2 months after the expiration of those 4	The Companies Law does not specifically provide for appraisal rights. However, in the case of a court-sanctioned reorganization of a Cayman Islands company (which would be relevant in the context of a scheme of arrangement, which would require the approval of a majority in number of the shareholders holding shares representing at least 75% in value of each affected class of

	Rights of Holders of Shares in Ontario Company	Rights of Holders of Shares in Guernsey Company	Rights of Holders of Shares in Cayman Company
		months, give notice to any dissenting shareholder that it desires to acquire his shares (a "notice to acquire"). Subject to the rights to dissent set out below, where a notice to acquire is given, the transferee is entitled and bound to acquire the dissenting shareholder's shares on the terms on which, under the scheme or contract, the shares of the approving shareholders are to be transferred to the transferee. Subject to the dissent rights below, the transferee shall, on the expiration of one month from the date of the notice to acquire (a) send a copy of the notice to the transferor, and (b) pay or transfer to the transferor the consideration required under the notice in respect of the shares he is entitled to acquire, and the transferor shall thereupon register the transferee as the holder of those shares. A dissenting shareholder may, within 1 month after the date of a notice to acquire, apply to the Court to cancel that notice. The Court, on such an application, may cancel the notice or make such order as it thinks fit.	shares of the company), a dissenting shareholder has the right to express to the court such shareholder's view that the transaction sought to be approved would not provide the shareholders with fair value for their shares. The Cayman Islands court has the discretion to make such order as it may decide. In addition, Cayman Law provides that where an offer is made by a company for all of the shares, or all of the shares of a particular class, of a Cayman Islands company and, within four months of the offer, the holders of not less than 90% in value of the shares that are the subject of the offer accept, the offeror may by notice given within two months after the expiration of the four month period, require the dissenting shareholders to transfer their shares on the terms of the offer. Within one month of such notice, a dissenting shareholder may apply to the court objecting to the transfer. The burden is on the dissenting shareholders to show that the court should exercise its discretion to prevent the transfer. The Cayman Islands court has absolute discretion to make any order as it may decide. Under Cayman Islands' law, dissentient shareholders of a company incorporated in the Cayman Islands have a right to be paid the fair value of their shares upon dissenting from a merger or consolidation except where (a) an open market exists for the shares on a recognised stock exchange or interdealer quotation system or (b) the merger or consolidation consideration comprises one of certain specified classes, including shares of a surviving

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			or consolidated company.
Dividends	Subject to its articles and any unanimous shareholder agreement, the directors of an Ontario corporation may declare and a corporation may pay a dividend. No dividends can be declared or paid if (a) the corporation is or, after the payment, would be unable to pay its liabilities as they become due; or (b) the realizable value of the corporation's assets would thereby be less than the aggregate of, (i) its liabilities, and (ii) its stated capital of all classes.	Subject to its articles of incorporation, under Guernsey Companies Law, a company may pay a dividend if, (a) the board of directors is satisfied on reasonable grounds that the company will, immediately after payment, satisfy the statutory solvency test, and (b) it satisfies any other requirement in its memorandum and articles of incorporation. The dividend may be of such amount, be paid at such time, and be paid to such members, as the board thinks fit. The board of directors must approve a certificate stating (a) that in their opinion the company will, immediately after payment of the dividend, satisfy the statutory solvency test, and (b) the grounds for that opinion, and the certificate must be signed on their behalf by at least one of them. The Articles provide that Avnel may, from time to time by ordinary resolution, declare dividends to be paid to the shareholders.	Avnel Cayman's articles of association allow the directors, subject to the Companies Law, to declare dividends on shares and authorize the payments of dividends out of the profits of Avnel Cayman, realized or unrealized and to pay such interim dividends as appear to the directors to be justified by the profits of Avnel Cayman. No dividends may be paid out of the share premium account of Avnel Cayman.
Repurchases and Redemptions	Under the OBCA, a corporation may purchase or redeem any redeemable shares issued by it at prices not exceeding the redemption price stated in the articles or calculated according to a formula stated in the articles. A corporation shall not make any payment to purchase or redeem any redeemable shares if (a) the corporation, is or, after the payment, would be unable to pay its liabilities as they become due; or (b) after the payment, the	Under Guernsey Companies Law, a company may, if so authorised by its memorandum or articles of incorporation: • issue shares which are, or at the option of the company or the shareholder are, liable to be redeemed; or • acquire its own shares (including any redeemable shares). Guernsey Companies Law a redemption of shares or an acquisition of its own shares by a company shall, subject to Guernsey	Under the Companies Law, a Cayman Islands company may, if authorised by its articles of association, purchase its own shares or issue shares which are redeemable at the option of the company or the shareholder in such manner and upon such terms as authorised by the company's articles of association or by a resolution of the company, provided that no share may be redeemed or purchased (a) unless it is fully paid, or (b) if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than any

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	realizable value of the corporation's assets would be less than the aggregate of, (i) its liabilities, and (ii) the amount that would be required to pay the holders of shares that have a right to be paid, on a redemption or in a liquidation, rateably with or before the holders of the shares to be purchased or redeemed, to the extent that the amount has not been included in its liabilities.	Companies Law, be effected on such terms and in such manner as may be provided for by (a) the company's memorandum or articles, or (b) the terms of the issue of those shares. A company may not redeem or acquire its shares if, as a result of the redemption, the company would have no members. A company may redeem a share whether or not it is fully paid. For the avoidance of doubt, there is no requirement for shares to be redeemed out of a particular account or source. A company must obtain the consent of the shareholders whose shares are being acquired and, in the case of an off market acquisition, the contract for the acquisition of those shares must be authorised in advance by special resolution of the company, which must specify a date upon which the authorisation will expire. A company may not make market acquisition of its own shares unless the acquisition has first been authorised by ordinary resolution or such acquisitions are authorised by the company's memorandum and articles of incorporation. A "market acquisition" for these purposes means an acquisition of shares made on a recognised investment exchange provided that the acquisition is subject to a marketing arrangement. Confirmation must be sought from the Guernsey Financial Services Commission on a case by case basis as to whether any stock exchange is a "recognised investment exchange" for this purpose. The Articles provide that, subject to Guernsey Companies Law, any preference shares may, with the	treasury shares. Shares may be redeemed or repurchased out of profits of the company, out of the share premium account, out of the proceeds of a fresh issue of shares made for that purpose or out of capital, provided the company's articles authorize this and it has the ability to pay its debts as they come due in the ordinary course of business. Avnel Cayman's articles of association provide that, subject to the Companies Law and the memorandum of association, shares may be issued on the terms that they may, or at the option of Avnel Cayman may, be redeemed on such terms and in such manner as Avnel Cayman, before the issue of the shares, may by special resolution determine. Avnel Cayman's articles of association do not otherwise authorise Avnel Cayman to repurchase its own shares.

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		sanction of an ordinary resolution, be issued on the terms that they are, or at the option of Avnel are, liable to be redeemed by Avnel. Avnel also has the power, subject to Guernsey Companies Law, to purchase any of its own shares, whether redeemable or not, and may make payment out of capital except where (i) Avnel is, or after the payment would be, unable to pay its liabilities as they become due; or (ii) the realizable value of the Avnel's assets would after the payment be less than the aggregate of its liabilities and stated capital of all classes.	
Variation of Shareholder Rights	The OBCA has no such provisions	Under Guernsey Companies Law, rights of a class of shareholders may only be varied (a) in accordance with the company's articles of incorporation; or (b) where the company's articles of incorporation contain no such provision, if the holders of that class consent to the variation. The consent required is (a) consent in writing from holders of at least 75% in value of the issued shares in that class (excluding treasury shares) or (b) a special resolution passed at a separate class meeting. Where shareholders owning not less than 15% in aggregate of the issued shares of the class in question (excluding shares held as treasury shares) did not consent to or vote in favour of a resolution varying the rights attaching to such shares, one or more of the affected shareholders, appointed in writing by that minimum 15%, may apply to a court for an order having the variation annulled. If such application is made, the variation shall have no effect unless and until confirmed by the court. Under the Articles, the rights,	Avnel Cayman's articles of association provide that, if the share capital is divided into more than one class of shares, Avnel Cayman may vary the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) only with the consent in writing of the holders of three-fourths of the issued shares of that class or with the sanction of a special resolution passed at a general meeting of the holders of the shares of that class. The articles state that the rights conferred upon the holders of the shares of any class issued with preference or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

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		privileges or conditions attaching to any class or group of shares can be altered, subject to the right (if any) of a shareholder to apply to the court for a variation or cancellation as provided for under Guernsey Companies Law, by: (i) an agreement between Avnel and a representative of the affected class or group of shareholders that is ratified in writing by holders of at least 2/3 in nominal value of the issued shares of the class or group affected; or (ii) with the written consent of the holders of ¾ of the issued shares of that class or by a resolution passed by a majority of ¾ of the votes of the holders of shares of the class or group affected at a separate meeting with specific quorum requirements.	
DIRECTORS			
Number of Directors	Typically the articles set a minimum of three and a maximum of ten directors. "Offering corporations" (as defined in the OBCA) must have three directors, with at least one-third of the directors not officers or employees of the corporation.	Under Guernsey Companies Law, a company must have at least one director. The Articles provide that, unless otherwise determined by ordinary resolution, the number of directors shall not be subject to a maximum and the minimum number shall be one.	The number of directors is determined in accordance with the articles of association. Avnel Cayman's articles provide for not less than one or more than 10 directors, provided that Avnel Cayman may by ordinary resolution increase or reduce the limits in the number of directors.
Election of Directors	Typical by-laws provide that the election of directors shall take place at each annual meeting of shareholders and all the directors then in office shall retire but, if qualified, shall be eligible for re-election. The number of directors to be elected at any such meeting shall be the number of directors as specified in the articles or, if a minimum and maximum number of directors is provided for in the articles, the number of directors determined by special resolution or, if a special resolution empowers the	Guernsey Companies Law allows for certain flexibility by providing that the appointment of directors occur by ordinary resolution, unless the memorandum or articles state otherwise. Under the Articles, the election of directors shall take place at each annual general meeting and all directors then in office shall retire but shall be eligible for re-election. Directors are elected by the passing of ordinary resolutions.	Avnel Cayman's articles of association provide that the directors shall have the power to appoint any person to be a director (whether to fill a vacancy or as an additional director) and the members may also, by ordinary resolution, appoint any person to be a director.

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	directors to determine the number, the number of directors determined by resolution of the board.		
Directors Remuneration	Under the OBCA, the directors of a corporation may fix the remuneration of the directors, officers and employees of the corporation. Under the OBCA and applicable Canadian securities laws, a report on compensation is required to be included in the management proxy circular in connection with the annual meeting each year. A corporation's by-laws, articles or a unanimous shareholder agreement may place limits on compensation.	Guernsey Companies Law does not set out rules regarding the remuneration of directors. The Articles provide that the remuneration of directors shall be determined from time to time by Avnel by way of ordinary resolution or until so determined, as the directors resolve.	According to Avnel Cayman's articles of association, the remuneration paid to directors shall be such remuneration as the directors shall determine. The directors shall also be entitled to be paid their travelling, hotel and other expenses properly incurred by them in going to, attending and returning from meetings, or otherwise in connection with the business of the Avnel Cayman or to receive a fixed allowance in respect thereof as may be determined by the directors from time to time. The directors may also by resolution award special remuneration to any director undertaking any special work of services for, or undertaking any special mission on behalf of, Avnel Cayman other than his ordinary routine work as director.
Transactions Involving Directors	The OBCA requires directors and officers to disclose to the corporation the nature and extent of any interest that they may have in a material contract or transaction, whether made or proposed, with the corporation, if they: • are a party to the contract or transaction; or • have a material interest in any person who is a party to a material contract or transaction or proposed material contract or transaction with the corporation. Except as provided in the OBCA, no director having such an interest may vote on any resolution to approve such	Under Guernsey Companies Law, a director must, immediately after becoming aware of the fact that he is interested in a transaction or proposed transaction with the company (outside of the ordinary course of business or otherwise than between the director and the company), disclose to the board the nature and extent of the interest. The disclosure may be by way of general disclosure to the effect that the director has an interest in a counterparty. A transaction entered into by the company in which a director is interested is voidable by the company within 3 months of disclosure unless the disclosure was compliant with Guernsey Companies Law, the transaction is ratified or the company received	Avnel Cayman's articles provide that no person shall be disqualified from the office of director or prevented by such office from contracting with Avnel Cayman, nor shall any such contract or any contract or transaction entered into by or on behalf of Avnel Cayman in which any director has an interest be or be liable to be avoided, nor shall any director so contracting or being so interested be liable to account to Avnel Cayman for any profit realized by such contract by reason of the director holding office or of the fiduciary relation thereby established. A director is at liberty to vote in respect of any such contract or transaction in which he is

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	contract or transaction unless the contract or transaction: • relates primarily to his or her remuneration as a director of the corporation or an affiliate; • is for indemnity or insurance; or • is with an affiliate. A contract or transaction for which the above disclosure is required is not void or voidable, and the director or officer is not accountable to the corporation or its shareholders for any profit realized from the contract or transaction, by reason only of that relationship or by reason only that the director is present at or is counted to determine the presence of a quorum at the meeting of directors that authorized the contract or transaction, if: • the director or officer disclosed of the interest in accordance with the OBCA; and • the contract or transaction was reasonable and fair to the corporation when it was approved. Even if the above conditions are not met, a contract or transaction is not void or avoidable and a director or officer is not accountable to the corporation or its shareholders for any profit realized from a contract or transaction that required disclosure if: • the director or officer was acting honestly and in good faith the contract or transaction is approved or confirmed by special resolution of the shareholders at a meeting of the shareholders duly called for that	fair value for the transaction. Where a person has acquired property by way of an undisclosed transaction (a) in good faith, (b) for valuable consideration and (c) without knowledge of the director's failure to disclose his interest, the transaction shall not be voidable or their title affected by reason of this failure to disclose. These disclosure and avoidance rules do not apply in relation to remuneration given to a director, insurance of a director or a qualifying third party indemnity provided for a director. Under Guernsey Companies Law, an interested director may vote on a transaction as if he were not interested, subject to the company's memorandum and articles. The Articles provide that a director is not disqualified from entering into a contract or arrangement with Avnel and no such contract or arrangement or any contract or arrangement entered into by or on behalf of Avnel in which a director is in any way interested shall be avoided; nor shall any person so contracting or being so interested be liable to account to Avnel for any profit realized by such contract or arrangement by reason of such director holding the office of director or of the fiduciary relationship. The director so contracting must disclose to the board the nature of his interest and may vote in respect of any contract or arrangement notwithstanding his interest except if the contract or arrangement is material to Avnel. If material, the director may not vote unless the contract or arrangement: • relates primarily to his or her remuneration as a director of the	interested provided the nature of the interest is disclosed by him at or prior to its consideration and any vote thereon.

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	purpose; • after sufficient disclosure of the interest was made to shareholders in the notice calling the meeting or in the information circular required by the OBCA to indicate its nature; and • the contract or transaction was reasonable and fair to the corporation when approved or confirmed.	corporation or an affiliate; • is for indemnity or insurance; or • is with an affiliate of Avnel.	
Removal of Directors	Under the OBCA, the shareholders of a corporation may, by ordinary resolution at an annual or special meeting, remove any director or directors from office, subject to some exceptions.	Under Guernsey Companies Law, a person ceases to be a director if he resigns, is removed in accordance with the company's memorandum or articles, becomes ineligible to be a director, dies or otherwise vacates office in accordance with the memorandum or articles. As provided for in the Articles, a director's office is vacated if: (i) he resigns in writing; (ii) he shall have absented himself from directors' meetings for 6 months in succession and the other directors have resolved to have his office vacated; (iii) he had his affairs declared *en désastre* or has a preliminary vesting order made against his Guernsey realty, becomes bankrupt, suspends payment or compounds with his creditors, or is adjudged insolvent; (iv) he becomes prohibited by law from being a director; or (v) Avnel, by ordinary resolution, declares he shall cease to be a director.	Under Avnel Cayman's articles of association, directors may be removed by ordinary resolution of the members. The office of director will also be vacated if: (a) the director resigns by notice in writing; (b) the director is absent from three consecutive board meetings without special leave of absence from the directors and the directors pass a resolution that he has by reason of such absence vacated office; (c) the director dies, becomes bankrupt or makes an arrangement or composition with his creditors generally; or (d) the director is found a lunatic or becomes of unsound mind.
Quorum	Subject to the articles or by-laws, a majority of the number of directors or minimum number of directors required by the articles constitutes a quorum at any meeting of directors, but in no case shall a quorum be less than two-fifths of the number of directors or minimum number of directors, as the case may be. Where a corporation has fewer	Under Guernsey Companies Law, quorum is set by the company's memorandum or articles. The Articles provide that the quorum required for transacting business of the directors may be fixed by the directors and unless so fixed shall be two, save where Avnel has only one director in which case the quorum shall be	The articles of association for Avnel Cayman provide that the quorum required for transacting business of the directors may be fixed by the directors and unless so fixed shall be two.

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	than three directors, all directors must be present at any meeting of directors to constitute a quorum.	one.	
Residency of Directors	A majority of directors of an OBCA corporation (other than non-resident corporations) must be resident Canadians (other than OBCA corporations that have only one or two directors, in which case that director, or one of the two directors, as the case may be, must be resident Canadians).	Guernsey Companies Law does not impose any Guernsey residency requirements for directors of Guernsey companies.	There are no Cayman residency requirements for directors of companies governed by the Companies Law.
Retirement Benefits	There are no restrictions on the quantum of retirement benefits that a typical corporation may pay to its directors or officers in its bylaws.	There are no rules regarding retirement benefits under Guernsey Companies Law.	There are no rules regarding retirement benefits under the Companies Law.
Indemnification of Directors and Officers	Typical by-laws provide that, subject to limitations contained in the OBCA, a corporation may indemnify a director or officer, a former director or officer or another individual who acts or has acted at the corporation's request as a director or officer, or an individual who acts in a similar capacity, of another entity, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by the individual in respect of any civil, criminal, administrative, investigative or other proceeding in which the individual is involved because of that association with the corporation or other entity if: • the individual acted honestly and in good faith with a view to the best interests of the corporation or, as the case may be, to the best interests of the other entity for which the individual acted as a director or officer or in a similar capacity at the corporation's request; • in the case of a criminal or	Under Guernsey Companies Law, any provision by which a company directly or indirectly indemnifies a director, against any liability attaching to him in connection with any negligence, default, breach of duty or breach of trust in relation to the company of which he is a director is void, . However, a company may purchase and maintain, for a director, insurance against any such liability. Further, companies are allowed to indemnify directors against liability incurred to a person other than the company if certain requirements are met (i.e. the provision must not provide indemnity against criminal fines, fines payable for non-compliance with regulatory requirements or defending criminal proceedings in which the director is convicted). The Articles contain an indemnification of directors, secretary and other officers out of its assets from and against all actions, costs, damages, expenses etc. in respect of which they may lawfully be indemnified incurred in carrying out their duties, except	The Companies Law does not limit the extent to which a company's articles of association may provide for the indemnification of its directors, officers, employees and agents except to the extent that such provision may be held by the Cayman Islands courts to be contrary to public policy. For instance, a provision purporting to provide indemnification against the consequences of committing a crime, or against the indemnified person's own fraud or dishonesty, may be deemed contrary to public policy. Under Avnel Cayman's articles of association, Avnel Cayman's directors, auditors, officers or trustees (and their respective heirs, executors, administrators and personal representatives) shall be indemnified out of the assets of Avnel Cayman from and against all actions, proceedings, costs, charges, losses, damages and expenses arising from execution of their duty (except those arising from

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	administrative action or proceeding that is enforced by a monetary penalty, the individual had reasonable ground for believing that the individual's conduct was lawful; and • a court or other competent authority has not judged that the individual has committed any fault or omitted to do anything that the individual ought to have done. A corporation may also indemnify such person in such circumstances as the OBCA permits or requires. Furthermore, under the OBCA, a corporation may indemnify a director or officer of the corporation, a former director or officer of the corporation or another individual who acts or acted at the corporation's request as a director or officer, or an individual acting in a similar capacity, of another entity, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by the individual in respect of any civil, criminal, administrative, investigative or other proceeding in which the individual is involved because of that association with the corporation or other entity. The OBCA and typical bylaws authorize corporations to purchase and maintain liability insurance for the benefit of the individuals described above against such liabilities.	any that they incur through their own wilful act, negligence or default The Articles grant the directors the power to purchase and maintain insurance (for any persons who are or were directors, officers or employees of the Avnel, or of a holding company, a subsidiary or an affiliate) against any liability incurred by such persons in respect of any act or omission in the execution of their duties and/or the exercise of their powers.	their own willful default).
Directors' Liability	Typical by-laws provide that, subject to any applicable statutory provisions, no director or officer shall be liable for certain specific acts and any other loss, damage or misfortune whatever which may happen in the execution of the	Under Guernsey Companies Law, any provision that purports to exempt a director of to any extent from any liability that would otherwise attach to him in connection with any negligence, default, breach of duty or breach of trust in relation to the company is	Cayman Islands law, in certain circumstances, permits a company to limit the liability of a director to the company. The considerations under Cayman Islands law with regard to the limitation of a director's liability are similar to those that apply

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	duties of his or her respective office or trust or in relation thereto unless the same shall happen by or through his or her failure to exercise the powers and discharge the duties of his or her office honestly, in good faith and in the best interests of the corporation and in connection therewith to exercise the degrees of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstance.	void.	to the enforcement of provisions relating to the indemnification of directors. A Cayman Islands court will enforce such a limitation except to the extent that enforcement of the relevant provision may be held to be contrary to public policy. Cayman Islands law will not allow the limitation of a director's liability for his own, fraud, willful neglect or willful default.
Duties and Powers of Directors	Under the OBCA, the board of directors is to supervise the management of and the business and affairs of the corporation, subject to any unanimous shareholder agreement. Under the OBCA, every director and officer of a corporation, in exercising their powers and discharging their duties, shall: • act honestly and in good faith with a view to the best interests of the corporation; • exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.	Under Guernsey Companies Law, the board of directors of a Guernsey company is, subject to the company's memorandum and articles, charged with the management of the business and affairs of the corporation and has all the powers necessary for managing, and for directing and supervising the management of, the business and affairs of the corporation. Pursuant to the Articles, the directors shall manage the business of the company and may exercise all such powers as are not, by Guernsey Companies Law or the Articles, required to be exercised by the company in a general meeting.	The directors of a Cayman Islands company may exercise all such powers to govern the company as are not, by law or its articles, required to be exercised by its members. There is no statutory codification under Cayman Islands law of the duties of the directors of a Cayman Islands company. General duties derive from English common law, which have been imported into Cayman Islands law by decisions of the Cayman Islands courts. The duties of a director under Cayman Islands law can be divided into duties at common law, being those of skill, care and diligence, and fiduciary duties. A director is normally only obliged to exhibit such skill as he actually possesses and such care and diligence as would be displayed by a reasonable man in the circumstances. An executive director will be required to keep himself informed as to the financial affairs of the company and to play an appropriate role in its management. A non-executive director will be expected to attend to the affairs of the company with the level of diligence that, in all the circumstances, is reasonably necessary to enable him

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			properly to ensure that the judgment he exercises is not only independent but also properly informed, and to ensure that his supervision of the executive management is effective. A director is also in the position of a fiduciary with respect to the company and therefore it is considered that he owes the following duties to the company—a duty to act bona fide in the best interests of the company, a duty to exercise the powers vested in him for a proper purpose, a duty not to fetter the future exercise of his powers and a duty not to put himself in a position where the interests of the company conflict with his or her personal interest or his or her duty to a third party.
Vacancies	Subject to the OBCA, a quorum of the board of a corporation may fill a vacancy in the board unless that vacancy is a result of an increase in the maximum number of directors or from a failure of the shareholders to elect the number of directors required.	Guernsey Companies Law does not set out rules regarding board vacancies. The Articles provide that the directors have the power to fill a casual vacancy.	Avnel Cayman's articles provide that the directors have the power to appoint a director to fill a casual vacancy, provided that, the total number of directors shall not at any time exceed the number fixed in accordance with Avnel Cayman's articles. The members may also, by ordinary resolution, appoint a director to fill a vacancy.
Directors' Meetings	Section 126 of the OBCA sets out detailed requirements prescribing the manner in which directors' meetings shall be held.	Guernsey Companies Law allows for directors' meetings to be regulated by the articles of a company and, as such, a company's articles can be tailored to meet any number of specific requirements. Avnel's articles of association set out in detail the procedure required for directors' meetings.	Avnel Cayman's articles of association set out in detail the procedure required for directors' meetings.
MEMBERS MEETINGS			
Quorum of Shareholders	Typical by-laws provide that the presence of two persons present in person, each being a shareholder entitled to vote or a	Under Guernsey Companies Law, in the case of a company having only one member, one qualifying person (a member or an appointed	Avnel Cayman's articles provide that no business shall be transacted at any general meeting unless a quorum of

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	duly appointed proxy or proxy holder for an absent shareholder so entitled, holding or representing in the aggregate not less than a specified number of the issued shares of the corporation with voting rights at such meeting will constitute quorum for the transaction of business at the meeting of shareholders. Under the OBCA, the holders of a majority of the shares entitled to vote at the meeting constitute a quorum, unless the by-laws provide otherwise.	proxy) present at a meeting is a quorum. In any other case, subject to the provisions of the company's articles, two qualifying persons – holding 5% of the total voting rights of the company between them (present at a meeting are a quorum unless each is a qualifying person because he is appointed as proxy of a member in relation to the meeting and they are proxies of the same member; and, for the avoidance of doubt, one qualifying person may be a quorum if the articles so provide. A "qualifying person" means a person who is a member of the company or a person appointed as proxy of a member in relation to the meeting. The Articles provide that two shareholders present in person and entitled to vote shall be a quorum at a general meeting.	members is present, being two members present in person or by proxy or one member where there is only one member of record.
Annual General Meeting	Under the OBCA, the annual meeting of the corporation must be called by the directors not later than 15 months after holding the last preceding annual meeting.	Under Guernsey Companies Law and the Articles, the first general meeting of the company shall be held within a period of not more than 18 months from the day on which Avnel is entitled to commence business. Annual general meetings shall thereafter be held at least once a year and not later than 15 months since the last meeting. Under Guernsey Companies Law, the requirement to hold an annual general meeting may be waived by the passing of a waiver resolution either for a particular year or years, or for an indefinite period.	As an exempted company, under the Companies Law and Avnel Cayman's articles of association, Avnel Cayman may but is not obliged to hold an annual general meeting.
Notice of	Under the OBCA, notice of a	Under Guernsey Companies Law, a	Avnel Cayman's articles require

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Shareholders Meetings	general meeting of a corporation's shareholders must be given to the shareholders entitled to vote (and the directors and auditors) at least 21 days (but not more than 50 days) before the date of the meeting. The notice of an annual meeting need not include a description of the purpose or purposes for which the meeting is called. A notice of a meeting at which special business is to be transacted must state the nature of that business in sufficient detail to permit the shareholder to form a reasoned judgment thereon, as well as the text of any special resolution to be submitted to the meeting. Any business, other than the election of directors, reappointment of the incumbent auditor and consideration of the financial statements and auditor's report, is deemed to be special business.	general meeting must be called by notice of at least 10 days or such longer period as the company's articles may provide. A general meeting may be called with shorter notice if all shareholders entitled to vote so agree. The notice must: (a) state the time and date of the meeting; (b) state the place of the meeting; (c) contain any information required by the memorandum and articles in respect of an ordinary resolution to be proposed at the meeting; (d) in respect of special resolutions, waiver resolutions and unanimous resolutions, the notice must contain the text of the resolution and that it is to be proposed as a special, waiver or unanimous resolution, as applicable. The Articles provide that notice of general meetings shall be given between 21 and 60 clear days before the meeting and shall specify the place the day and the hour of the meeting and in the case of special business, the general nature of that business and the text of any proposed resolution. Each member entitled to receive notice of an annual meeting shall receive a copy of the company's annual financial statements and directors' report.	at least five days' notice to be given for any general meeting (exclusive of the day on which it is given). Notice shall specify the place, the day and the hour of the meeting and the general nature of the business to be transacted.
Calling Meetings	Under the OBCA, the board of directors of a corporation may call a special meeting of shareholders at any time. The OBCA further provides that the holders of not less than 5% of the issued shares of a corporation that carry the right to vote at a meeting may requisition the directors to call a meeting of shareholders for the purposes stated in the requisition.	Under Guernsey Companies Law, the directors of a company may call a general meeting of the company. Notwithstanding anything to the contrary in the company's memorandum or articles, members who hold more than 10% of a company's voting shares may also require the directors to call a general meeting by stating the general nature of the business to be dealt with at the meeting and may include the text of a resolution that may be properly moved at the meeting. Directors must call such a general meeting of the company within 21	Avnel Cayman's articles of association provide that the directors may, whenever they think fit, and they must on the requisition of members holding at the date of the deposit of the requisition not less than 1/10 of the paid up capital of Avnel Cayman carrying the right of voting at general meetings, proceed to convene a general meeting.

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		days, to be held on a date not more than 28 days after the date of the notice convening the meeting. Similarly, under the Articles, directors may call extraordinary meetings (any meeting other than an annual general meeting) whenever they think fit and shareholders holding at least 10% of the voting shares may requisition in writing for an extraordinary general meeting to be convened. The directors shall, subject to certain restrictions, be required to call such a meeting to transact the shareholder-proposed business.	
Shareholder Proposed Resolutions	The OBCA entitles a registered or beneficial holder of a corporation's shares eligible to be voted at its annual shareholder meeting to submit to a corporation notice of any matter that the person proposes to raise at the meeting ("Proposal") and discuss at the meeting any matter in respect of which the person would have been entitled to submit a Proposal. If a corporation receives notice of a Proposal and is soliciting proxies, it would then be required to set out the Proposal in its management proxy circular (and, if requested by the person submitting the Proposal, include or attach the Proposal and a statement in support of the Proposal not exceeding 500 words in the aggregate). However, a Proposal for the nomination for the election of directors is required to be signed by the holders of at least 5% of the outstanding shares entitled to vote at such meeting. The OBCA provides for exemptions from the requirements to include a proposal in a corporation's management proxy circular in circumstances including where:	Under Guernsey Companies Law and as noted in the previous section, members who hold more than 10% of a company's voting shares may also require the directors to call a general meeting by stating the general nature of the business to be dealt with at the meeting and may include the text of a resolution that may be properly moved at the meeting. In addition, members holding at least 5% of the voting shares may require the company to circulate a resolution that may properly be moved and is proposed to be moved as a written resolution. They may require the company to circulate with it a statement of not more than 1,000 words on the subject matter of the resolution. According to the Articles, further to the rights of shareholders to call general meetings (as described above), any shareholder entitled to vote at a meeting may submit a proposal if the shareholder holds voting shares equal to at least 1% of the total voting shares outstanding and worth at least $1000 and has held the shares for at least 6 months. The company is not required to circulate a shareholder proposal if (i) it is not submitted at least 90 days before	A requisition by members for a general meeting must state the objects of the meeting and must be signed by the requisitionists and deposited at the Registered Office of Avnel Cayman. If, within 21 days, the directors do not convene a meeting, the requisitionists (or any one of them holding more than ½ the total voting rights of all of them) may themselves convene a general meeting. In addition, the articles of Avnel Cayman provide that a resolution in writing signed by all members entitled to receive notice of and to attend and vote at a general meeting shall be valid and effective as if the same had been passed at a general meeting.

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	• the proposal is not submitted at least 60 days before the anniversary date of the last annual meeting, if the matter is proposed to be raised at an annual meeting, or at least 60 days before a meeting other than the annual meeting, if the matter is proposed to be raised at a meeting other than the annual meeting; • it clearly appears that the primary purpose of the proposal is to enforce a personal claim or redress a personal grievance against the corporation or its directors, officers or security holders; • it clearly appears that the proposal does not relate in a significant way to the business or affairs of the corporation; • substantially the same proposal failed to receive a certain amount of support at a prior meeting held not more than five years before the receipt of the proposal; or • not more than two years before the receipt of a proposal, the proponent failed to present a proposal at a prior meeting that had been included in the management proxy circular at the proponent's request.	the anniversary date of the notice of the last meeting; (ii) it clearly appears that the proposal is primarily for the purpose of enforcing a personal claim or redressing a personal grievance; (iii) it does not relate to the business of Avnel; (iv) the shareholder made a proposal within the last two years and failed to show up, in person or by proxy, at the meeting; (v) substantially the same proposal was submitted within the last 5 years and the prescribed level of support (3% of the total shares voted) was not obtained; (vi) the right to submit the proposal is being abused for publicity. A proposal may include nominations for the elections of directors only if it's signed by the holders of at least 5% of the shares entitled to vote.	
Passing Resolutions at a General Meeting	Under the OBCA, a resolution at a general meeting of a corporation's shareholders is to be passed by a simple majority of votes cast by the shareholders entitled to vote on the resolution.	Under Guernsey Companies Law, an ordinary resolution of the members (or of a class of members) of a company means a resolution passed by a simple majority. .	The articles of Avnel Cayman provide that a resolution at a general meeting put to vote shall be decided on a show of hands unless a poll is, before or on the declaration of the result of the show of hands, demanded by the chairman or any other member present in person or by proxy. On a show of hands, every member present in person or by proxy will have one vote and on a poll every member

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			present in person or by proxy will have one vote for every share held. Ordinary resolutions will be passed by a simple majority of votes and, in the case of an equality of votes, the chairman will be entitled to a second or casting vote.
Special Resolutions	Under the OBCA, a special resolution must be passed by a majority of not less than two-thirds of the votes cast by the shareholders entitled to vote on the resolution. Approval by special resolution of the shareholders is required for such actions as: • amending a corporation's articles; • changing a corporation's name; • increasing or reducing stated capital, if the corporation's stated capital is stated in its articles; • undertaking a voluntary liquidation and dissolution; • amalgamating with another arm's length corporation; • continuing under the laws of another jurisdiction; and • undertaking the sale, lease or exchange of all or substantially all of the property of the corporation other than in the ordinary course of business.	For companies governed by Guernsey Companies Law, a special resolution of the members (or of a class of members) of a company means a resolution passed by a majority of not less than 75%. In addition, Guernsey Companies Law requires that all special resolutions be filed with the Guernsey registrar of companies within 30 days of being passed.	Under the Companies Law and the articles of Avnel Cayman, a special resolution must be passed by a majority of at least two-thirds of members entitled to vote and voting by person or by proxy at a general meeting or by a written resolution signed by all members entitled to vote. A special resolution is required for Avnel Cayman to: • amend its memorandum of association and its articles of association; • reduce its share capital, any capital redemption reserve fund or any share premium account; • appoint inspectors for the purpose of examining the affairs of Avnel Cayman • change its name or alter its objects; • issue redeemable shares; • voluntarily wind up Avnel Cayman or to distribute assets in kind upon winding up or effect winding up by the Court; or • stay a voluntary winding up.
Presence at	Unless the articles or the by-laws provide otherwise, a meeting of	Under Guernsey Companies Law, subject to any provision to the	The Companies Law and the articles of Avnel Cayman are

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Meeting	the shareholders may be held by telephonic or electronic means and a shareholder who, through those means, votes at the meeting or establishes a communications link to the meeting shall be deemed to be present at the meeting.	contrary in a company's articles, if a member is, by any means, in communication with one or more other members so that each member participating in the communication can hear or read what is said or communicated by each of the others, each member so participating is deemed to be present at a meeting with the other members so participating.	silent on whether general meetings may be held by way of telephone or video conference. English case law, which is likely to be followed by the courts of the Cayman Islands, has held that it is not necessary for the participants of a meeting to be in the same place and face to face for a meeting to be properly constituted, where such a face to face meeting may not be practicable. In addition, the articles of Avnel Cayman provide that a resolution in writing signed by all members entitled to receive notice of and to attend and vote at a general meeting shall be valid and effective as if the same had been passed at a general meeting.
Place of Meeting	Subject to the articles and any unanimous shareholder agreement, a meeting of shareholders shall be held at such place in or outside Ontario as the directors determine or, in the absence of such a determination, at the place where the registered office of the corporation is located.	Subject to the provisions of a company's articles, a general meeting may be held at any place in Guernsey or elsewhere. The Articles provide that the annual general meeting shall be held at such time and place as the directors shall appoint.	Meetings may be held within or outside the Cayman Islands. Avnel Cayman's articles specify that any annual general meeting shall be held at such time and place as the directors shall appoint.
Record Date	For the purpose of determining shareholders entitled to receive notice of a meeting of shareholders, the directors may fix in advance a date as the record date for such determination of shareholders, but the record date shall not precede by more than 60 days or by less than 30 days the date on which the meeting is to be held.	Under the Articles, shareholders entitled to notice and to vote at a general meeting shall be those who appear in the register on the record date fixed by the directors in respect of such meeting.	Avnel Cayman's articles of association provide that the directors may fix in advance a date as the record date for a determination of members entitled to notice of or to vote at a meeting of members and for the purpose of determining the members entitled to receive payment of any dividend the directors may, within 90 days prior to the date of declaration of such dividend, fix a subsequent date as the record date for such determination. If no record date is fixed and the register of members has not been closed by the

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			directors, the date on which notice of the meeting is mailed or the date on which the resolution of directors declaring the dividend is adopted, as the case may be, shall be the record date for such determination of members.
RELATIONSHIP BETWEEN COMPANY AND ITS MEMBERS			
Derivative Action; Shareholder Class Action; and the Oppression Remedy	Subject to certain prescribed requirements, section 246 of the OBCA allows shareholders, among others, to apply to a court of competent jurisdiction in the name and on behalf of the corporation, or intervene in any action to which the corporation is a party, for the purpose of prosecuting, defending or discontinuing the action on behalf of the corporation. To bring a derivative action, it is first necessary to obtain the leave of the court. The granting of leave is not automatic, but requires the court to exercise judicial discretion. The court may grant leave if: • the complainant has given notice to the directors of a corporation or its subsidiary of the complainant's intention to apply to the court not less than 14 days before bringing the application, or as otherwise ordered by the court, if the directors of the corporation or its subsidiary do not bring, diligently prosecute or defend or discontinue the action; • the complainant is acting in good faith; and • it appears to the court that it is in the interests of the corporation or its subsidiary for the legal proceeding to be brought, prosecuted, defended or discontinued.	Under Guernsey Companies Law, any member of a company may apply to court for an order restraining the company or its director from acting beyond their powers. Alternatively, Guernsey Companies Law makes specific provision to enable a shareholder to apply to the court for relief on the ground that the affairs of the corporation are being or have been conducted in a manner that is unfairly prejudicial to the interests of shareholders generally or some part of its shareholders (including at least himself) or any actual or proposed act or omission of the corporation is or would be so prejudicial. In such circumstances, the court has wide discretion to make orders to regulate the conduct of the corporation's affairs in the future, to require the corporation to refrain from doing or continuing to do an act that the applicant has complained it has omitted to do, to authorize civil proceedings to be brought in the name and on behalf of the corporation and to provide for the purchase of shares of any shareholder of the corporation by other members or by the corporation itself.	Derivative Action: The concept of derivative action exists as a matter of Cayman Islands law. A shareholder of a Cayman Islands company can commence, intervene and continue proceedings on behalf of that company by way of common law derivative action. However, unless a plaintiff can demonstrate that the proceedings he seeks to commence, or intervene and continue, fall within one of the established exceptions to the rule in *Foss v Harbottle*, he has no standing as a matter of Cayman Islands law to bring derivative proceedings on behalf of the company. In this regard, the Cayman Islands follows the common law principles that the proper plaintiff in an action in respect of a wrong alleged to have been done to a company is the company itself and that the court will not interfere with the internal management of companies acting within their powers. The exceptions to the rule apply in the following circumstances: (i) where the act of the director complained of is illegal or ultra vires and, therefore, is incapable of being ratified by the members; (ii) where the act complained of is a 'fraud' on the minority and the alleged wrongdoers are in control of the company thus stifling any possible claim; and (iii) where there is an irregularity in the passing of a

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	The court has broad powers to direct the conduct of any such legal proceeding. The OBCA provides that a corporation's shareholder or the Ontario Securities Commission may apply to a court for an order directing an investigation to be made of the corporation and any of its affiliated corporations. For the court to make such an order of investigation, among other requirements, it must appear to the court that the business of the corporation or any of its affiliates has been carried on with intent to defraud a person or that powers of the directors were exercised in a manner that was oppressive or unfairly prejudicial to the interests of a shareholder. No person may publish anything relating to the application for investigation except with the authorization of the court or the written consent of the corporation being investigated. In addition, a "complainant" (as that term is defined under the OBCA, which includes shareholders, former shareholders, directors and officers, former directors and officers, and any other persons who, in the discretion of the court, are proper persons to bring an action) who complains that: · any act or omission of the corporation or any of its affiliates effects or threatens to effect a result; · the business or affairs of the corporation or any of its affiliates have been or are threatened to be carried on or conducted in a manner; or · the power of the directors of the corporation or its affiliates have been or are threatened to		resolution that requires a special majority. The rule, and the exceptions to the rule, in *Foss v Harbottle* form part of the common law of the Cayman Islands, having been applied in a number of Cayman Islands cases. In the leading judgment of the Cayman Islands Court of Appeal in *Schultz v. Reynolds* 1992–93 CILR, Zacca, P. cited well-known English authorities on the rule which he clearly accepted as reflecting also the law of the Cayman Islands. Representative Action: The Grand Court Rules provide that if a number of people have the same legal interest in proceedings, the proceedings may be begun and continued by or against one or more of them as representing them all. Thus a shareholder may bring an action on behalf of himself and all his fellow members. If a common interest and grievance exists a representative action is possible if the relief sought is beneficial to all whom the plaintiff proposes to represent. A judgment will usually bind all represented persons. The doctrine of reflective loss has been recognised in the Cayman Islands in a number of Cayman Islands cases, and is applicable to both derivative and representative actions. Accordingly, a loss claimed by a shareholder which is merely reflective of a loss suffered by the company - i.e. a loss which would be made good if the company had enforced in full its rights against the defendant wrongdoer - is not recoverable by the shareholder; save in a case where, by reason of the wrong done to it, the company is unable to pursue its claim against the wrongdoer.

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	be exercised in a manner, that is oppressive or unfairly prejudicial to or that unfairly disregards the interests of any security holder, creditor, director or officer, may apply to the court for an order to rectify the matters complained of. This remedy is known as the "oppression remedy". The powers of the court under the OBCA in making an order are broad: it may make any order it thinks fit, from a simple order amending a corporation's by-laws to an order liquidating and dissolving the corporation.		Oppression Remedy: There is no free standing oppression remedy in the Cayman Islands. However, a shareholder may present a winding up petition on the just and equitable basis alleging that the affairs of the company are being conducted in a manner which is oppressive or prejudicial to the shareholders or part of them under section 92(e) of the Companies Law. Categories of oppression likely to satisfy section 92(e) include: (i) oppressive conduct or the breaches of fiduciary duty by directors or promoters; (ii) unfairness; (iii) unconscionable use of majority shareholders' voting power resulting in financial loss or discriminatory treatment of the minority. The court will not be concerned with the soundness of business decisions or mere carelessness. If satisfied that there has been oppression the court may order that the company be wound up. Alternatively, the court may grant such remedies as it considers appropriate in the circumstances.
Inspection of Books	Under the OBCA, a shareholder or creditor of a corporation, their agent or legal representative may examine the corporate records (including the securities register, articles and by-laws, minutes of meetings and resolutions of shareholders) at the corporation's registered office or such other place where such records are kept during the corporation's usual business hours and may take extracts from those records, free of charge. If a corporation is an "offering corporation" (as defined in the OBCA), any other person may examine the corporation's corporate records upon payment of a reasonable	Under Guernsey Companies Law, any member or director has the right to inspect the register and index of members and the register of directors without charge, and any other person may inspect upon payment of the prescribed fee. According to the Articles, shareholders are entitled, on giving not less than one day's notice, to inspect the memorandum and articles of association, the register of shareholders and other specified documents, not including the minutes of proceedings at directors' meetings.	Members of a Cayman Islands exempted company do not have any general rights to inspect or obtain copies of the list of members or corporate records of the company (other than the register of mortgages and charges, which the Companies Law requires be kept and open to inspection at the company's registered office by any member or creditor of the company at all reasonable times and the memorandum and articles of association, which the Companies Law requires a company to forward to a member upon request). A member's right to information can also be derived

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	fee.		from contract and, in this regard, the articles of Avnel Cayman provide that the directors shall determine whether and to what extent the accounts and books of Avnel Cayman shall be open to the inspection of members and no member shall have any right of inspecting any account of book or document of Avnel Cayman except as conferred by law or authorised by the directors or by Avnel Cayman in general meeting.
Shareholder Consent to Action Without Meeting	Subject to the restrictions set out in the OBCA: (a) a resolution in writing signed by all the shareholders or their attorney authorized in writing entitled to vote on that resolution at a meeting of shareholders is as valid as if it had been passed at a meeting of the shareholders; and (b) a resolution in writing dealing with all matters required by the OBCA to be dealt with at a meeting of shareholders, and signed by all the shareholders or their attorney authorized in writing entitled to vote at that meeting, satisfies all the requirements of the OBCA relating to that meeting of shareholders.	Under Guernsey Companies Law, the directors may circulate, or members holding at least 5% of the voting shares may require the company to circulate, a resolution that may properly be moved and is proposed to be moved as a written resolution. Shareholders may require the company to circulate with it a statement of not more than 1,000 words on the subject matter of the resolution. A written resolution must circulate a copy of the proposed resolution, at the same time so far as reasonably practicable, to all eligible shareholders, accompanied by a statement informing the shareholder how to signify agreement to the resolution and the date by which it must be passed. If the written resolution has been required by the shareholders pursuant to the above, it must be circulated to eligible shareholders not more than 21 days after the date on which the company became subject to that requirement. A written resolution is passed when the requisite majority of shareholders have signified their agreement to it. A proposed written resolution will lapse if not passed within the period prescribed by the company's articles or, if none is specified,	The articles of Avnel Cayman provide that, subject to the Companies Law, a resolution in writing signed by all members being entitled to vote at general meetings shall be as valid and effective as if the same had been passed at a general meeting of Avnel Cayman duly convened and held.

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		within 28 days beginning on the circulation date. The Articles provide that, subject to Guernsey Companies Law, a resolution in writing signed by or on behalf of the shareholders who, on the date when the resolution is to be passed, would be entitled to vote on the resolution if it were proposed at a meeting, shall be effective as if the same had been duly passed at a general meeting.	
Amending of Governing Documents	An amendment to an Ontario corporation's articles must be authorized by a special resolution of the shareholders.	Guernsey Companies Law prohibits any alterations to a company's memorandum except to the manner and extent expressly provided for by the statute, including: (a) to reflect a change of name; (b) if it migrates out of Guernsey; (c) if it converts to a different type of company; (d) to alter its objects; (e) to alter a statement of the maximum number of guarantee members, where applicable; (f) where a cell of a PCC is converted into a non-cellular company; (g) alter its share capital; or (h) to add or amend any information additional to the information required to be included in accordance with the terms of the memorandum or by unanimous resolution. Articles may be amended by special resolution. As set out in Avnel's articles of association, Avnel may, by special resolution, amend the memorandum and articles of association for various listed purposes, such as name changes; jurisdiction changes; removing restrictions on the business of the company; adding, amending or removing restrictions on the issue, transfer or ownership of shares; any other provision permitted by the Guernsey Companies Law to be set out in the Articles; amalgamating with another company; and liquidating or dissolving the company.	The Companies Law provides that a Cayman company's memorandum of association and articles of association may only be amended by a special resolution of its shareholders, save that a company may, by ordinary resolution, if so authorised by its articles of association, amend its memorandum of association to (i) increase its share capital; (ii) consolidate and divide all or any of its share capital into shares of a larger amount; (iii) convert all or any of its paid-up shares into stock, and reconvert that stock into paid-up shares or any denomination; (iv) subdivide its shares or any of them in to shares of a smaller amount; and (v) cancel shares which have not been taken or agreed to be taken by any person. the authorisation to amend the share capital provisions of the memorandum or association by ordinary resolution is included in Avnel Cayman's articles of association.

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Sale of Assets	If a corporation undertakes the sale, lease or exchange of all or substantially all of the property of the corporation other than in the ordinary course of business, a special resolution of the shareholders is required.	Under Guernsey Companies Law, the board of directors of a Guernsey company is, subject to the company's memorandum and articles, charged with the management of the business and affairs of the corporation and has all the powers necessary for managing, and for directing and supervising the management of, the business and affairs of the corporation.[Under Guernsey Companies Law, a company requires a special resolution to affect a voluntary wind up.][1] Under the Articles, it may sell, lease or exchange all or substantially all of Avnel's assets other than in the ordinary course of business, provided such a transaction is approved by way of extraordinary resolution (a resolution at the general meeting of Avnel passed by a majority of not less than 2/3 of the votes recorded, including proxy votes).	Directors of a Cayman company, without shareholder approval, may, among other things, affect certain sales, transfers, exchanges or dispositions of assets, property, parts of the business or securities of the company, or any combination thereof, if they determine any such action to be in the best interests of the company. There is no restriction on the sale of assets in the articles for Avnel Cayman. Under the Companies Law, unless a period of duration or winding up event has been specified in a company's articles (which is not the case for Avnel Cayman) a special resolution is required to voluntarily wind up a company.
Merger, Amalgamation, Arrangements, etc.	An amalgamation agreement between two Ontario corporations is adopted when the shareholders of each amalgamating corporation have approved of the amalgamation by a special resolution of the holders of the shares of each class or series entitled to vote thereon	Under Guernsey Companies Law, a special resolution is required to approve a merger/amalgamation, unless the proposed merger/amalgamation is between a company and its wholly-owned subsidiary, in which case, board approval is all that is required. A scheme of arrangement must be sanctioned by the Guernsey court and approved by a majority of shareholders representing 75% in value of the shareholder or class of shareholders affected or creditors or class of creditors affected. The UK Takeovers Panel (Panel) regulates takeovers and mergers in Guernsey that fall within the ambit of the UK City Code on Takeovers and Mergers (Code). The Code has	There are a number of mechanisms for acquiring a Cayman Islands company including: (1) a court-approved "scheme of arrangement" under the Companies Law; (2) through a tender offer by a third party; and (3) through a merger or consolidation between the Cayman Islands company and another company incorporated in the Cayman Islands or another jurisdiction (provided the merger or consolidation is allowed by the laws of that other jurisdiction). A scheme of arrangement with one or more class of shareholders requires the sanction of the scheme of arrangement by the Cayman Islands Grand Court and the approval of the directors and a majority in number majority in

[1] CO comment: is this relevant to this section?

	Rights of Holders of Shares in Ontario Company	Rights of Holders of Shares in Guernsey Company	Rights of Holders of Shares in Cayman Company
		applied to publicly traded companies in Guernsey since its creation. The Code applies to all: • Takeover bids and merger transactions. • Transactions which have the objective or potential effect of obtaining or consolidating control of the relevant company. • Partial offers to shareholders for securities in the relevant companies. • Unitisation proposals (that is, offers) which compete with another transaction to which the Code applies. Similarly, the Articles require a special resolution in order to amend the memorandum and articles to enter into an amalgamation with another company or companies.	number of the shareholders holding shares representing at least 75% in value of each affected class of shares of the company voting in person or by proxy. If a scheme of arrangement receives the approval of shareholders of a company and is subsequently sanctioned by the Cayman Islands Grand Court, all holders of the relevant shares or class of shares of the company will be bound by the terms of the scheme of arrangement. The Companies Law provides that when an offer is made for all of the shares, or all of the shares of a particular class, of a Cayman Islands company and, within four months of the offer, the holders of not less than 90% in value of the shares that are the subject of the offer accept the offer, the offeror may, by notice given within two months after the expiration of that four-month period, require the dissenting shareholders of the relevant class to transfer their shares on the same terms as the original offer. Dissenting shareholders will have one month from the date notice is given to apply to the Grand Court to give reasons why the shares should not be purchased, but unless the court orders otherwise, the offeror is entitled and bound to acquire the shares of the dissenting shareholders on the same terms as the original offer. A merger or consolidation requires: (a) a written plan of the merger or consolidation to be approved by the directors of each constituent company; (b) approval of the plan by a special resolution of each constituent company; (c) the consent of each holder of a fixed or floating security interest of a constituent

	Rights of Holders of Shares in Ontario Company	Rights of Holders of Shares in Guernsey Company	Rights of Holders of Shares in Cayman Company
			company unless this requirement is waived by the Grand Court; and (d) such other authorization, if any, as may be specified in each such company's constitutive documents. Once approved, the plan must be filed with the Registrar of Companies, together with the prescribed supporting documents, and the merger or consolidation will be effective upon registration unless the plan provides that it will take effect on a future date not later than 90 days after the date of registration.

Schedule "C"

Kalana Main Definitive Feasibility Study Announcement Ne

Avnel Announces Definitive Feasibility Study Results for Kalana Main Project

ST. PETER PORT, GUERNSEY, MARCH 30, 2016 – Avnel Gold Mining Limited ("Avnel" or the "Company") (TSX:AVK) is pleased to announce results from a definitive feasibility study for its Kalana Main Project in south-western Mali with an effective date of March 1, 2016 (the "DFS"). The Company is reporting a maiden Mineral Reserve of 1.96 million ounces of gold and an updated Measured plus Indicated Mineral Resource estimate of 3.06 million ounces of gold for the Kalana Main project. The key performance indicators reported in this news release are based upon 100% ownership of the Kalana Main Project. All amounts are in United States dollars ("$") unless specified otherwise.

Feasibility Study Highlights

Project Economics (base case gold price of $1,200 per ounce)

- After tax 8% NPV: $196 million
- After tax IRR: 38%
- Payback period: 1.2 years from start of commercial production

Mine Production

1. During first 5 years:
    - Average annual production of 148,000 ounces at a total cash cost of $507/oz and an average on-site all-in-sustaining cost ("AISC") of $595/oz
    - Average mill head grade of 3.6 g/t Au with gold recovery of 94.6%
    - Average annual throughput of 1.35 million tonnes milled

2. Over 18 year life of mine ("LOM"):
    - Total production of 1.82 million ounces with gold recovery of 92.7%
    - Average annual production of 101,000 ounces at a total cash cost of $695/oz and an on-site AISC of $784/oz

Mineral Reserves

Maiden Mineral Reserve declared of 1.96 million ounces:

- 21.0 million tonnes of ore at a grade of 2.80 g/t Au containing 1.92 million ounces declared
- 0.7 million tonnes of existing tailings at a grade of 1.80 g/t Au containing 0.04 million ounces to be hydraulically mined and processed prior to commissioning the new mill

Capital Expenditure

- Initial net capital expenditure of $163 million; gross initial capital expenditure of $196 million (including contingency) and working capital of $8 million offset by $41 million from gold production prior to commercial production
- Sustaining capital expenditure of $123 million

Project Construction Schedule

Key project milestones after start of construction:

- Month 16: Commence pre–strip
- Month 17: Commence processing tails through new carbon-in-leach (“CIL”) section of the plant
- Month 22: Commence hot commissioning of mill
- Month 25: Commercial production

Mineral Resources

Updated March 2016 Mineral Resource for the Kalana Main deposit utilizing a $1,400/oz gold price:

- In situ Measured plus Indicated Resource of 23.0 million tonnes grading 4.14 g/t Au containing 3.06 million ounces at a 0.90 g/t Au cut-off
- In situ Inferred Resource of 1.7 million tonnes grading 4.51 g/t Au containing 0.24 million ounces at a 0.90 g/t Au cut-off
- The diluted (internal and external) Measured plus Indicated Resource of 35.7 million tonnes grading 2.78 g/t Au containing 3.20 million ounces
- Tailings of 0.7 million tonnes at a grade of 1.80 g/t Au containing 0.04 million ounces

Kalana Project

The Kalana Project is owned by Société d’Exploitation des Mines d’Or de Kalana, S.A. (“SOMIKA”). Avnel has an 80% equity interest in SOMIKA and the Malian Government holds a beneficial interest in the remaining 20%, which has anti-dilution and free-carry rights. SOMIKA owns and operates the Kalana Gold Mine, a small, Soviet-era, underground gold mine, and holds the rights to the Kalana Exploitation Permit, a combined exploitation and exploration permit that is subject to the 1999 Mining Code and is unique in Mali. The permit covers a surface area of 387.4 km^2 and was last renewed in 2003 for a term of 30 years. This permit is host to 29 exploration targets, including the Kalana Main Project, the Company’s flagship development-stage project, which is the subject of the DFS.

Kalana Main Definitive Feasibility Study

The DFS was led by Snowden Mining Consultants Pty Ltd. (“Snowden”) with the support of several leading consulting firms, all of whom have extensive experience in Mali, including Mr. Ivor Jones of Denny Jones Pty. Ltd. (“Denny Jones”), DRA Projects (Pty) Ltd. (“DRA”), and Epoch Resources. The key performance indicators reported in this news release are based upon 100% ownership of the Kalana Main Project. The assumptions used in the economic evaluation are set out in Table 1 below and the results of the economic evaluation are summarised in Table 2.

Table 1: Assumptions used in the Economic Evaluation

Economic Assumptions	Unit	Value
Plant Throughput (saprolite)	Mtpa	1.5
Plant Throughput (fresh rock)	Mtpa	1.2
Gold Price	$/oz	1,200
Discount Rate	%	8%
Diesel Fuel Price	$/litre	1.0
Corporate Tax Rate	%	30%
ZAR/USD Exchange Rate	x	15
Refining, Transport, and Insurance Costs	$/oz	4
Stamp Duty on Gold Sale	%	0.6%
Net Smelter Royalty	%	3.0%

Table 2: Summary of Economic Analysis

Financial Summary	Unit	Value
LOM Tonnage Material Mined	kt	228,795
LOM Tonnage Ore Mined	kt	20,999
LOM Tonnage Ore Processed	kt	21,759
LOM Feed Grade Processed	g/t Au	2.80
LOM Gold Recovery	%	93%
LOM Gold Production	Oz Au	1,821,383
Production Period	years	18.0
Pre-production Capital Costs	$M	196
LOM Sustaining Capital Costs	$M	123
(including mine closure and community investment)		
*Pre-Tax 8% NPV	$M	266
*Post-Tax 8% NPV	$M	196
Pre-Tax IRR	%	44%
Post-Tax IRR	%	38%
Undiscounted Payback Period	years	1.2

*West African peers commonly use a 5% NPV which would compute to a Pre-tax NPV of $345 million and a Post-tax NPV of $257 million

Also included in these after-tax estimates are management fees paid to Avnel for the operation of the Kalana Main Mine (the “Mine Management Fee”). As per the Company’s Operator Agreement with SOMIKA, the Mine Management Fee is calculated as 0.75% of turnover (gross revenue) and 2.5% of *brut exploitation excess* (or “EBE”, which is equivalent to Earnings Before Interest, Taxes, and Depreciation or “EBITDA”) as calculated in accordance with *Le Système Comptable Ouest Africain* (“SYSCOA”).

Excluded from this analysis is SOMIKA’s repayment of existing inter-company loans, accrued interest, and accrued Mine Management and Engineering Fees associated with the underground Kalana Gold Mine to Avnel. Avnel estimates that these amounts to approximately $115 million.

A sensitivity analysis was conducted on the Project model, to evaluate its robustness to variation in performance and financial input parameters. The NPV (at 8% discount rate) and IRR sensitivities are presented in Table 3.

Table 3: NPV and IRR Sensitivities

Scenario	Variation	Post-Tax NPV ($M)	Post-Tax IRR (%)
Base Case	0	196	38%
Recovery Rate	-5%	156	33%
Gold Production	-10%	115	28%
Gold Price	-10%	115	28%
Gold Price	+10%	275	46%
All Operating Costs	+15%	132	32%
All Capital Costs	+10%	172	32%
Gold Recovery & Operating Costs	+5%, +10%	194	39%
Gold Price, Operating Costs & Capital Costs	+5%, +5%, +5%	203	37%
Gold Production, Gold Price & Operating Costs	-5%, +10%, +10%	190	38%

Mining

The DFS' mine plan provides for 18 years of production from the Kalana Main deposit from a single open-pit with 12 stages as shown in Figure 1. A total of 228 million tonnes will be mined with LOM waste-to-ore ratio of 9.9:1 including the pre-strip. Production schedules are included in the appendix.

The deposit contains high grade mineralized zones that will be extracted by selective mining using 5m benches. Bulk mining of the waste zones will be conducted on 10m benches.

The mine area consists of a weathered zone to an average depth of 60 m below surface which is amenable to free digging. The mining schedule targets the areas of saprolite that will generate higher cash flow early in the mine life. The pre-strip of six months will provide ore stockpiles to enable higher grade ore to be processed in the early years of the mine life.

Mining will be conducted by the owner whilst maintenance of the open pit mining machinery will initially be carried out by the original equipment manufacturer to ensure fleet availability. The maintenance plan provides for a five-year handover period to the owner after completion of the initial capital purchase of the full fleet component.

As part of the DFS, Snowden examined the impact of a lower gold price of $1,000 per ounce on the mine plan and design schedule and cash flow. At this lower price, the mine plan would allow mining of all the current planned pit stages with the exception of stage 12 (see Figure 1). Stages 1 to 11 contain 60% of the reserve ore tonnes, 65% of the reserve gold ounces but only 54% of the waste tonnes. Approximately 50% of stages 1 to 11 are in the softer saprolite material which is mainly free-dig and requiring limited drilling and blasting.

At the lower gold price the capital expenditure to bring the mine into production would remain as planned with the robust cash flow in the early years providing a similar payback period. Stage 12 mining is scheduled to commence 6 years after start of commercial production. Planned sustaining capital would reduce as mining tonnes would be lower requiring less equipment rebuilds.

Processing

ROM ore will be delivered from the mine to the processing plant, which consists of a conventional two-stage crushing circuit and a single-stage milling circuit to achieve a target grind size of 80% passing 75 microns as presented in Figure 2 near the end of this news release. The processing plant design is based on annual throughput rates of 1.5 million-tonnes-per-annum ("Mtpa") for saprolite and 1.2 Mtpa for saprock and fresh rock material.

Gold is to be extracted by gravity concentration and a CIL plant to produce a gold dore via elution, electrowinning, and smelting. Gold is recovered from the loaded carbon in an elution and electrowinning circuit and will be poured into doré bars on site. Life of mine average recovery is projected to be 92.7% (including tailings) resulting in LOM production of 1.82 million ounces.

The plant design philosophy incorporates a requirement that the processing plant be constructed in a manner that would expedite the construction of the leaching and adsorption circuit with the intention of processing historic tailings from the underground Kalana Gold Mine prior to the hot commissioning of the mill. These tailings are intended to be recovered by hydraulic mining and processed through the CIL circuit over a 5-month period and then for 3 months during the hot commissioning of the mill. This represents an opportunity to generate pre-commercial production cash flow that will partially offset development capital requirements.

Capital Expenditure

The initial cost to achieve commercial production is estimated to be $196.3 million as shown in Table 4(a).

Major capital items are the processing plant and plant infrastructure, purchase of the mining fleet, construction of the tailings storage facility, initial phases of the resettlement action plan, and owner's costs.

Revenue, net of costs and taxes, generated by gold production of 53,000 ounces from processing existing gravity tailings and ore during the commissioning of the mill total $41.2 million and will offset the capital expenditure. Working capital is estimated at $8.1 million.

Table 4(a): Capital Costs to Commercial Production

	Units	Value
Processing Plant Cost	$M	93.6
Contingency - Processing Plant	$M	9.5
Open-pit Pre-Strip & Tailings Mining	$M	11.4
Mine Infrastructure	$M	20.7
Mine Site Facilities	$M	4.5
Mobile Fleet & Vehicles	$M	30.3
Owner's Costs	$M	13.2
Other Capital Costs	$M	13.1
Total Capital Costs to Commercial Production	**$M**	**196.3**
Revenue, net of costs and taxes, prior to Commercial Production	$M	(41.2)
Initial Working Capital Costs	$M	8.1
Net Costs to Commercial Production	**$M**	**163.2**

Table 4(b): LOM Sustaining Capital Costs

	Units	Value
Processing Plant - Sustaining	$M	7.9
Mine Infrastructure (incl. stream diversion)	$M	10.4
Mobile Fleet & Vehicles	$M	72.4
Other Sustaining Costs	$M	18.4
Mine Closure	$M	13.9
Total Sustaining Capital Costs	**$M**	**123.0**

Operating Cost

The average production over the first 5 full years of steady-state production is approximately 148,000 recovered ounces per year at a Cash Operating Cost of $460 per ounce. Including refining, transportation, and royalties, the Total Cash Cost is $507 per ounce. Including sustaining capital and mine operator fees to be earned by Avnel, on-site AISC are $595 per ounce. A summary of unit operating costs over the first 5 years of steady-state production is presented in Table 5(a).

Table 5(a): Cash Operating Cost for First 5 years of Steady State Production (Year 3 to Year 7)

	$ Per Tonne of Ore	$ Per Ounce of Gold
Mining	29.19	268
Processing	14.73	135
General and Administrative	6.18	57
Cash Operating Cost	**50.10**	**460**
Refining and Transportation Costs	0.44	4
Royalty and Stamp Duty	4.71	43
Total Cash Cost	**55.25**	**507**
Mine Management Fees Payable to Avnel	2.80	26
Sustaining Capital	6.74	62
On-Site AISC	**64.78**	**595**

Over the LOM, average annual production is approximately 101,000 ounces at an average Cash Operating Cost, Total Cash Cost, and on-site AISC of $648 per ounce, $695 per ounce, and $784 per ounce, respectively. A summary of unit operating costs over the LOM is presented in Table 5(b).

Table 5(b): Cash Operating Cost for Life of Mine Production (Year 2 to Year 20)

	$ Per Tonne of Ore	$ Per Ounce of Gold
Mining	31.83	380
Processing	16.25	194
General and Administrative	6.17	74
Cash Operating Cost	**54.26**	**648**
Refining and Transportation Costs	0.33	4
Royalty and Stamp Duty	3.62	43
Total Cash Cost	**58.21**	**695**
Mine Management Fees Payable to Avnel	1.75	21
Sustaining Capital	5.64	67
On-Site AISC	**65.60**	**784**

Kalana Main ESIA

The Kalana Exploitation Permit constitutes a right to mine and a right to explore over the entire 387.4 square kilometers. The only permitting required is the approval of an Environmental and Social Impact Assessment (“ESIA”) for any one or more mines on that permit. The Kalana Main Project, the development of an open pit on top of a Soviet-built underground mine, is a new mine and an ESIA has been completed and submitted to the government for approval together with an associated Environmental and Social Management Plan (“ESMP”). The ESIA has 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 intention of pursuing international mine construction financing.

The ESIA and ESMP were examined by an inter-ministerial commission chaired by the Ministry of the Environment. The chairman of the commission declared at the close of the hearing that the study has been validated subject to requiring certain limited supplemental information. It is expected that the permit will be issued in the second quarter 2016.

The existing underground mine is in full compliance with all environmental obligations and is audited by the ministry of environment annually. Avnel and SOMIKA have since 2003 been actively involved with the Kalana workforce, organized labour, community elected and traditional leaders, and has invested with the community in enhancement projects ranging from Kalana village electrification to schools medical clinics, youth facilities, and have actively promoted sports.

Exploration Upside

Although the lateral extents of the Kalana Main deposit have been fairly well defined, the deposit is open for expansion at depth, and there is significant regional exploration potential. Avnel's exploration team has dedicated significant resources to the evaluation of regional exploration prospects outside of the Kalana Main area. This initial work is based upon historical data carried out by others, regional work conducted by Avnel and the IAMGOLD Corporation since 2005, and the Company's ongoing field surveys of active and historical orpaillage. This work, which is ongoing, is intended to prioritise targets for future exploration.

A high-priority exploration project for the Company is the Kalanako deposit, which has the potential to improve the Kalana Main production schedule in the later years of mine life with additional drilling. Kalanako is located 3 km northeast of Kalana Main. Kalanako consists of several sub-parallel northwest – southwest striking mineralised trends that have been established from historical exploration data. The drilling dataset consists of information collected from 30 diamond drill holes totaling 24,928 m and 235 RC drill holes totaling 7,699 m. Two mineralized trends have been established from widely spaced RC drilling and are interpreted to have strike lengths of 250 m to 500 m, are less than 10 m thick, and appear to be steeply dipping based upon field observations and drilling results. The Company believes that the mineralised zones at Kalanako are open for expansion and that additional drilling is warranted. On March 26, 2015, the Company reported a maiden In Situ Mineral Resource for the Kalanako deposit. The Inferred portion is 0.38 million tonnes grading 5.55 g/t Au containing 0.07 million ounces at a cut-off grade of 0.90 g/t Au utilizing a gold price assumption of $1,500 per ounce. The Kalanako In Situ Mineral Resource does not include any local estimates for internal or external dilution.

Qualified Persons

The Company will file a *National Instrument 43-101 Standards for Disclosure for Mineral Projects* ("NI 43-101") compliant technical report in support of the DFS on SEDAR within 45 days of this news release. For further information with respect to the key assumptions, parameters, and risks associated with the results of the DFS, the Mineral Resource estimates included therein, and other technical information, please refer to the technical report to be made available on SEDAR.

The following qualified persons, as that term is defined in NI 43-101, have prepared or supervised the preparation of their relevant portions of the technical information described above the related technical report to be filed:

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 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.

Mr. Allan Earl, Associateship in Mining Engineering, FAusIMM of Snowden Mining Industry Consultants is an independent Qualified Person as defined by NI 43-101. Mr. Earl has reviewed and approved the contents of this news release.

Mr. Glenn Bezuidenhout, NDT Ex. Met, FSAIMM, Process Director for DRA Projects (Pty) Ltd., is an independent Qualified Person as defined by NI 43-101. Mr. Bezuidenhout has reviewed and approved the technical contents of this news release.

Mr. Roy Meade, BSc (Honours) Mining Engineering and Professional Engineer (UK), President of Avnel Gold Mining Limited 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, EurGeol 1115, Vice-President, Geology for Avnel Gold Mining Limited is a Qualified Person as defined by NI 43-101. Dr. Féménias has reviewed and approved the contents of this news release.

Non-IFRS Measures

Avnel's audited consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") and the accounting policies adopted by the Company in accordance with IFRS.

Avnel uses both IFRS and non-IFRS measures to monitor and assess the operating performance of the Company's operations. Throughout this press release, certain non-IFRS performance are used. These non-IFRS performance measures should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. Non-IFRS performance measures do not have standardised definition under IFRS and therefore may not be comparable to similar measures presented by other organisations:

"Cost per Tonne Milled" is calculated by dividing the relevant mining and processing costs and total costs by the tonnes of ore processed in the period.

"Cash Operating Cost" 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 produced to arrive at "Cash Operating Cost per Ounce Produced", after taking into account certain inventory movements.

"On-site All-in Sustaining Cost" is defined in the DFS as mine site cash operating costs, which includes costs such as mining, processing, administration, plus transport and refining of metals, stamp duty, and royalties, plus sustaining capital costs, which includes community and environmental. These costs are then divided by the number of ounces of expected production to arrive at "On-site All-in Sustaining Cost per Ounce".

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.

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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.

APPENDIX 1: Figures

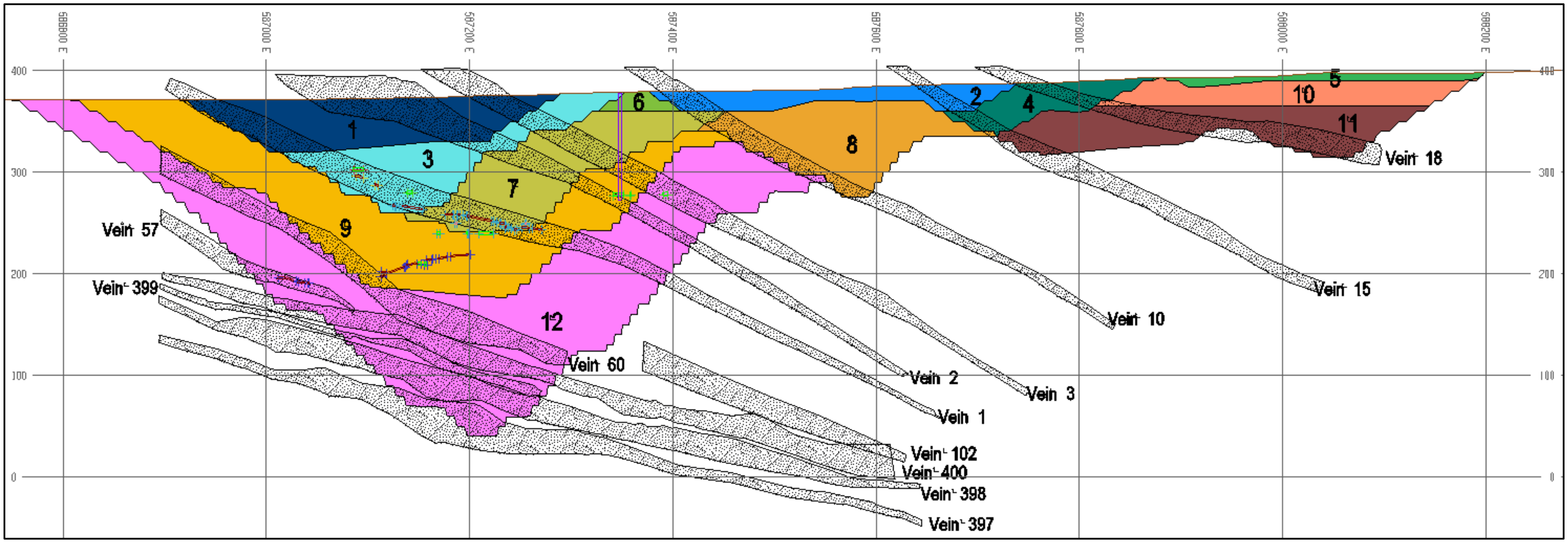

Figure 1: East-west long section view (looking north) of the Kalana Main Pit Stages 1 to 12 (Shaft No.1 Section 1,193,181.3N) showing major veins

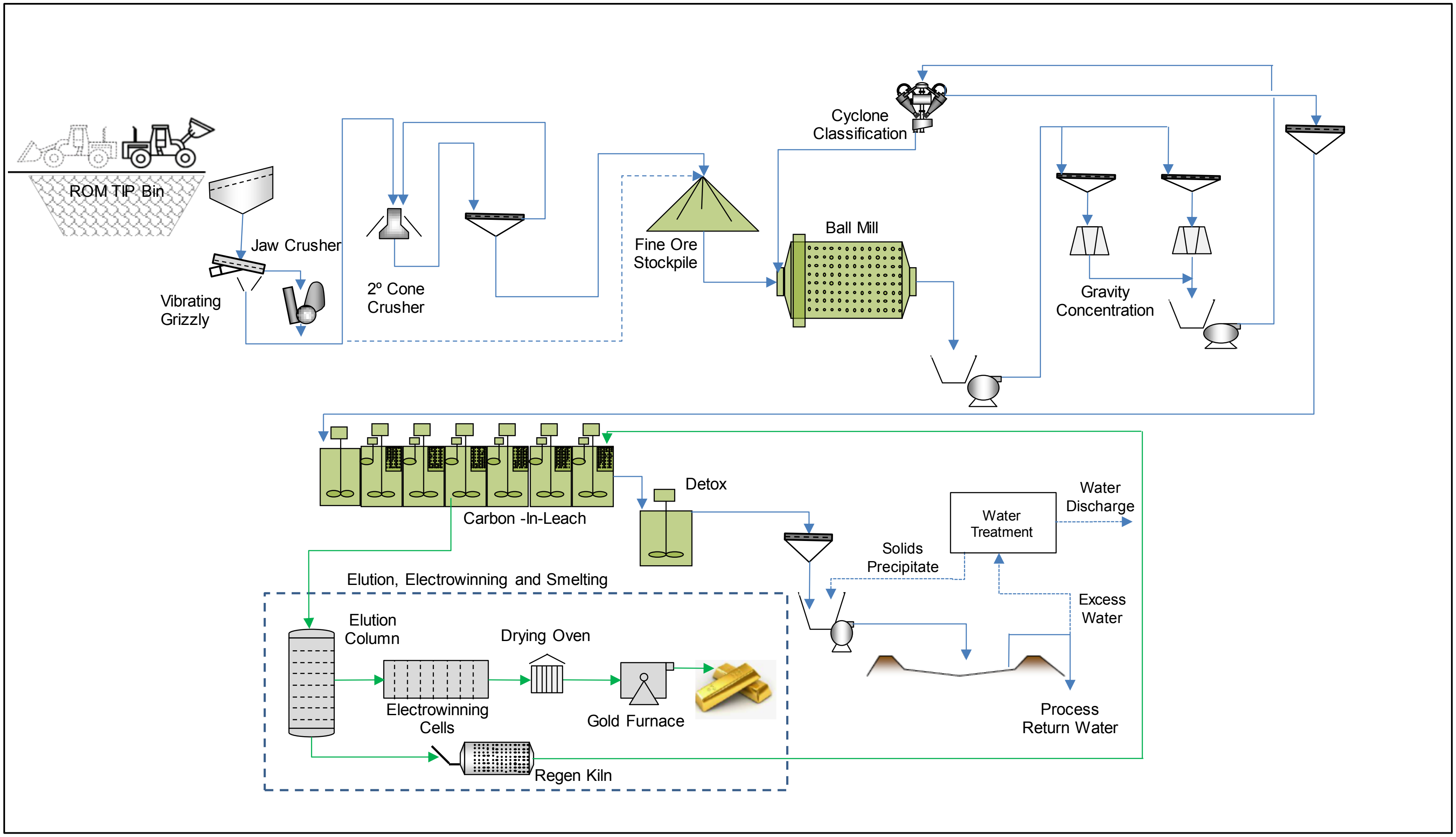

Figure 2: Process Flow Diagram

APPENDIX 2: Mineral Resources

The March 2016 Mineral Resource, an updated pit-constrained Mineral Resource for the Kalana Main deposit, as well as the Mineral Resources for the tailings and Kalanako, are presented in Table 6 below:

Table 6: In situ Kalana Mineral Resources[1,2,3,4] (March 2016)

Mineral Resource Classification	Tonnes (Mt)	Grade (g/t Au)	Contained Gold (Moz)
Kalana Main Mineral Resources			
Measured	9.5	4.20	1.28
Indicated	13.5	4.10	1.77
Measured + Indicated	**23.0**	**4.14**	**3.06**
Inferred (Kalana Main)	1.7	4.51	0.24
Additional Mineral Resources			
Indicated (Tailings)	0.7	1.80	0.04
Inferred (Kalanako)	0.4	5.55	0.07

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 – Depletion by production is to September 2015. There has been minor production since September 2015.
3 – 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. The Mineral Resources are estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), *CIM Definition Standards on Mineral Resources and Reserves* prepared by the CIM Standing Committee on Reserve Definitions and adopted by the CIM Council, are reported above a cut-off grade 0.90 g/t Au, and are reported inclusive of the Mineral Reserve.
4 – 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.

Diluted Mineral Resource – Kalana Main

The addition of local dilution resulted in a portion of the model being below the 0.90 g/t Au cut-off grade and excluded from the Mineral Resource. The resultant pit-constrained and diluted Measured and Indicated Mineral Resource above the diluted cut-off grade of 0.90 g/t Au, is estimated at 35.7 million tonnes grading 2.78 g/t Au (diluted) representing 3.20 million ounces as detailed in Table 7:

Table 7: Pit constrained diluted Kalana Mineral Resource (March 2016)

Kalana Main Mineral Resource Diluted Estimate – March 2016 (100% Project Basis Above a Diluted Grade of 0.90 g/t Au)									
	Resource Tonnes (millions)	Resource Grade (g/t Au)	Internal Dilution (%)	External Dilution (%)	Grade Internal Dilution (g/t Au)	Grade External Dilution (g/t Au)	Diluted Tonnes (millions)	Diluted Grade (g/t Au)	Ounces Gold (millions)
Measured Resource	9.5	4.20	21	25	0.40	0.28	14.4	2.89	1.34
Indicated Resource	13.5	4.10	20	32	0.40	0.30	21.4	2.71	1.86
M + I	**23.0**	**4.14**	**21**	**29**	**0.40**	**0.30**	**35.7**	**2.78**	**3.20**

This diluted Kalana Main Measured and Indicated Mineral Resource of 3.20 million ounces, combined with the 40,000 ounces of Indicated Mineral Resource from tailings, forms the basis for the DFS reported in this press release.

The September 2015 Mineral Resource and subsequent March 2016 Mineral Resource have been prepared 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.

<u>Kalana Gold Mine Tailings</u>

The overall tailings estimate is a simple weighted average of the SOGEMORK tailings estimate and the production data from the Kalana Gold Mine since June 2004 and until September 2015. The Tailings Mineral Resource is 0.7 million tonnes at a grade of 1.80 g/t Au containing 0.04 million ounces. The combined tailings Mineral Resource is classified as Indicated and is not reported at a cut-off grade as it is expected to be mined in its entirety.

<u>Kalanako Gold Deposit</u>

An estimate of the resource for the Kalanako deposit 2.5 km from Kalana was completed in 2015. The Kalanako Mineral Resource is 0.4 million tonnes at a grade of 5.55 g/t Au containing 0.07 million ounces. It is an Inferred Resource and has been reported within a pit shell at a cut-off grade of 0.90 g/t Au.

<u>Mineral Resource Classification</u>

All Mineral Resources are classified as Measured, Indicated, or Inferred in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") *Definition Standards on Mineral Resources and Reserves* prepared by the CIM Standing Committee on Reserve Definitions and adopted by the CIM Council. 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 0.90 g/t Au and fall within a Whittle4X evaluation shell that was used to test for the reasonableness of economic extraction. The Whittle4X evaluation shell was prepared using the same modifying factors as those used in the PEA and a $1400/oz gold price. 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.

Classification was applied based on data quality, confidence in the geological interpretation, grade and geological variability, and confidence in the grade-tonnage estimates. Those parts of the resource model classified as a part of the Mineral Resource exceed a diluted cut-off grade of 0.90 g/t Au and are contained within a Whittle4X evaluation shell that was used to test for the reasonableness of economic extraction. Areas informed by drill data with a maximum spacing of approximately 35 m, where the geological and grade continuity have been well established, and were estimated with a minimum of eight samples have been classified as Measured Resource. Areas informed by 25 m by 50 m spaced drilling (approximate dimensions), where there is a reasonable level of confidence in the geological and grade estimate, and were estimated with a minimum of eight samples have been classified as Indicated Resource. The small amount of Inferred Resource is the remainder of the Mineral Resource estimate contained within the Whittle shell. Areas where there is no informing data, that contain lower grade material that is outside of the mineralised interpretation, or are not contained within the Whittle shell are not classified as a part of the Mineral Resource.

APPENDIX 3: Mineral Reserve

The Kalana Main Mineral Reserve is a subset of the mineral resources described in the section above. Mineral reserves are estimated using modifying factors estimated to a level of accuracy required for a definitive feasibility study. Mineral reserves are classified in accordance with the CIM's *Definition Standards on Mineral Resources and Reserves* as either Probable or Proven based upon the classification of the corresponding Mineral Resource and Snowden's assessment of the modifying factors. Only the Indicated and Measured portions of the Mineral Resource have been reported in the Mineral Reserve. Neither the Inferred portion of the Mineral Resource or unclassified mineralization has been included in the Mineral Reserve.

The Proven and Probable Mineral Reserve for the Kalana Main open pit is 21.0 million tonnes at an average grade of 2.80 g/t Au containing 1.92 million ounces. The Probable Mineral Reserve for the Kalana Main Tailings is 0.7 million tonnes at an average gold grade of 1.80 g/t Au containing 44,000 ounces. Collectively, the Mineral Reserve for the Kalana Main Project is 21.7 million tonnes at an average grade of 2.80 g/t Au containing 1.96 million ounces. A summary of the Mineral Reserve, by deposit, is presented in Table 8:

Table 8: Kalana Main Project Mineral Reserve[1,2,3] (March 2016)

Deposit	Classification	Tonnes (Mt)	Grade (g/t Au)	Gold (koz)
Kalana Main	Proven	5.1	3.00	489
Kalana Main	Probable	15.9	2.80	1,431
Kalana Main	Proven + Probable	21.0	2.80	1,920
Tailings	Probable	0.7	1.80	44
Total Proven and Probable		**21.7**	**2.80**	**1,964**

1 – Mineral reserves are disclosed on a total project basis at 100% and defined using a gold price of $1200/oz. Avnel owns an 80% equity interest in SOMIKA, the Malian company that owns the Kalana Exploitation Permit.
2 – Depletion by production is to September 2015. There has been minor production from underground since September 2015.
3 – Mineral reserves are estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), *CIM Definition Standards on Mineral Resources and Reserves* prepared by the CIM Standing Committee on Reserve Definitions and adopted by the CIM Council.
4 – Some amounts in this table may not compute due to rounding and truncation.

Only the Measured Mineral Resource in the saprolite material has been classified as a Proven Mineral Reserve. The Measured Resource in the saprock and fresh material has been classified as a Probable Mineral Reserve.

The Mineral Reserve and the DFS rely on the assumption that there is good geological and grade continuity of the mineralisation. Snowden has relied on the interpretation that there is sufficient geological continuity of economic mineralisation in and along-the-vein perspective at a mining scale of 10 m by 10 m by 5 m. This continuity is consistent with observations from the underground Kalana Gold Mine and provides confidence that high recovery of the diluted Mineral Resource may be achieved.

APPENDIX 4: LIFE OF MINE CASHFLOWS

Table 9: Summary of Annual Cash Flows - Part 1

LOM PROJECT CASHFLOWS (Year 1 to 11)													
	Units	**Total**	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Year 6**	**Year 7**	**Year 8**	**Year 9**	**Year 10**	**Year 11**
Total Tons Mined	kt	228,796	-	7,603	13,037	13,955	14,586	15,207	15,078	12,399	15,919	16,864	16,238
Ore Tons Mined	kt	21,001	-	803	1,523	1,477	1,286	1,389	1,299	1,063	1,006	1,149	1,229
Ore Tons Processed (incl. Tailings)	kt	21,759	-	875	1,476	1,409	1,361	1,251	1,276	1,323	1,231	1,217	1,240
Grade	g/t		-	2.5	4.5	3.9	3.0	3.2	3.1	2.2	2.2	2.9	2.5
In-situ Gold Contained	oz	1,964,257	-	69,120	211,915	177,504	130,266	130,604	126,447	95,682	86,161	112,892	100,227
Recovery	%		-	76.7	96.0	95.7	94.6	93.9	94.1	93.0	90.8	92.7	92.3
Gold Recovered	oz	1,821,383	-	53,044	203,381	169,930	123,182	122,642	118,926	88,974	78,227	104,609	92,479
Revenue	$'000	2,185,660	-	63,653	244,057	203,916	147,818	147,170	142,711	106,769	93,872	125,531	110,975
Royalties, Duties & Selling costs	$'000	(85,969)	-	(2,504)	(9,600)	(8,021)	(5,814)	(5,789)	(5,613)	(4,200)	(3,692)	(4,938)	(4,365)
Mining Costs	$'000	(692,640)	-	(6,070)	(27,791)	(31,931)	(43,136)	(46,011)	(48,881)	(38,898)	(44,450)	(52,450)	(53,123)
Processing Costs	$'000	(353,574)	-	(9,085)	(18,711)	(19,488)	(19,847)	(20,982)	(20,732)	(20,496)	(21,230)	(21,128)	(21,029)
G&A Costs (Direct)	$'000	(114,636)	-	(1,793)	(7,171)	(7,171)	(7,171)	(7,171)	(7,171)	(7,171)	(7,171)	(7,171)	(7,171)
G&A Costs (Indirect)	$'000	(57,700)	(65)	(908)	(6,708)	(6,463)	(4,269)	(4,010)	(3,483)	(3,213)	(2,388)	(2,839)	(2,754)
Working Capital	$'000	-	-	(8,125)	(5,407)	2,438	1,545	471	(898)	3,174	(44)	(1,912)	1,627
Initial Capital Costs	$'000	(196,227)	(124,151)	(72,076)	-	-	-	-	-	-	-	-	-
Sustaining Capital Costs	$'000	(109,154)	-	-	(11,913)	(6,806)	(9,669)	(10,253)	(1,725)	(9,269)	(2,856)	(21,008)	(6,766)
Mine Closure Costs	$'000	(13,940)	-	-	-	-	(520)	(520)	(520)	(520)	(520)	(520)	(520)
Pre-tax Cashflows	$'000	561,818	(124,216)	(36,908)	156,758	126,473	58,938	52,906	53,687	26,176	11,521	13,565	16,873
Taxes	$'000	(143,772)	-	(2,035)	(10,261)	(18,863)	(6,098)	(12,913)	(11,076)	(7,301)	(4,013)	(5,622)	(4,045)
Post-tax Cashflows	$'000	418,047	(124,216)	(38,943)	146,496	107,610	52,839	39,992	42,611	18,875	7,508	7,943	12,829

Table 9: Summary of Annual Cash Flows - Part 2

LOM PROJECT CASHFLOWS (Year 12 to Year 22)													
	Units	**Total**	**Year 12**	**Year 13**	**Year 14**	**Year 15**	**Year 16**	**Year 17**	**Year 18**	**Year 19**	**Year 20**	**Year 21**	**Year 22**
Total Tons Mined	kt	228,796	18,592	18,397	14,700	12,385	10,023	7,231	4,264	1,956	362	-	-
Ore Tons Mined	kt	21,001	1,487	1,565	1,109	1,139	1,113	1,123	720	456	67	-	-
Ore Tons Processed (incl. Tailings)	kt	21,759	1,201	1,200	1,202	1,200	1,202	1,201	1,205	622	67	-	-
Grade	g/t		2.1	2.6	2.8	2.6	2.2	2.5	2.1	2.9	3.4	-	-
In-situ Gold Contained	oz	1,964,257	82,934	100,272	108,924	101,750	86,276	95,486	82,251	58,109	7,437	-	-
Recovery	%		90.1	91.8	92.4	91.9	90.5	91.3	90.4	92.8	154.9	-	-
Gold Recovered	oz	1,821,383	74,712	92,003	100,650	93,529	78,105	87,206	74,354	53,913	11,517	-	-
Revenue	$'000	2,185,660	89,654	110,404	120,780	112,235	93,726	104,647	89,225	64,696	13,820	-	-
Royalties, Duties & Selling costs	$'000	(85,969)	(3,526)	(4,343)	(4,751)	(4,415)	(3,687)	(4,116)	(3,510)	(2,545)	(544)	-	-
Mining Costs	$'000	(692,640)	(57,305)	(59,377)	(48,504)	(44,773)	(39,582)	(29,064)	(14,723)	(5,789)	(784)	-	-
Processing Costs	$'000	(353,574)	(21,354)	(21,222)	(21,221)	(21,221)	(21,212)	(21,217)	(21,218)	(10,995)	(1,186)	-	-
G&A Costs (Direct)	$'000	(114,636)	(7,171)	(7,171)	(7,171)	(7,171)	(7,171)	(5,379)	(3,342)	(3,001)	(726)	-	-
G&A Costs (Indirect)	$'000	(57,700)	(1,924)	(2,280)	(2,817)	(2,915)	(2,297)	(2,796)	(2,582)	(2,305)	(682)	-	-
Working Capital	$'000	-	(441)	(912)	6,227	1,126	(143)	(1,132)	(344)	1,429	1,321	-	-
Initial Capital Costs	$'000	(196,227)	-	-	-	-	-	-	-	-	-	-	-
Sustaining Capital Costs	$'000	(109,154)	(3,604)	(14,261)	(2,123)	(1,205)	(631)	(3,097)	(2,853)	(64)	(225)	(300)	(525)
Mine Closure Costs	$'000	(13,940)	(520)	(520)	(520)	(520)	(520)	(520)	(520)	(4,719)	(1,370)	(574)	-
Pre-tax Cashflows	$'000	561,818	(6,191)	319	39,900	31,142	18,483	37,327	40,134	36,707	9,624	(874)	(525)
Taxes	$'000	(143,772)	(2,575)	(2,217)	(4,849)	(5,943)	(5,139)	(9,997)	(11,377)	(12,212)	(5,190)	(1,703)	(342)
Post-tax Cashflows	$'000	418,047	(8,766)	(1,899)	35,051	25,199	13,343	27,330	28,758	24,495	4,435	(2,577)	(867)