



AVNEL GOLD MINING LIMITED

AVNEL GOLD MINING LIMITED (AVK: TSX) ANNOUNCES SECOND QUARTER 2006 RESULTS

Period ended June 30, 2006.

For Immediate Release: August 14, 2006

UNDERGROUND GRADE INCREASES TO 39.9G/T AS THE KALANA MINE PRODUCES A RECORD 6,951 OZS IN THE SECOND QUARTER. A FOLLOW UP RC DRILL PROGRAM CONFIRMS AND EXTENDS UPDIP THE MINERALISED ZONE AT DJIRILA MAIN.

Results

Avnel Gold Mining Limited ("Avnel" or the "Company") recorded a net loss of \$0.016 million (\$0.0003 per share) for the three months ended June 30, 2006 and a net loss of \$1,310,000 (\$0.02 per share) for the first six months of 2006 compared to net losses of \$2.324 million (\$11.62 per share) and \$3,901,000 (\$21.64 per share) respectively for the same period of 2005, there having been 200,000 shares outstanding at 30 June 2005. Avnel currently has 56,123,528 shares outstanding.

Gold production totalled 6,951 ounces with the head grade increasing to 33.40g/t. Gold sales during the quarter totalled 6,950 ounces at an average price of \$548 per ounce. 3,150 ounces were sold into a forward contract at an average price of \$418 per ounce. 3,800 ounces were sold at an average price of \$656 per ounce.

Operations

The Kalana Mine was initially developed and mined by SOGEMORK from 1985 to 1991. The mine was then put on care and maintenance until SOMIKA (80% subsidiary of Avnel Gold, Limited) commenced production in 2004. The mine has limited developed ore reserves and it is planned to complete the necessary shaft sinking and haulage development to enable the mine to achieve an annual production rate of 60,000 tonnes and an average 26,000 ounces of gold over the 8 years commencing in 2008. During 2006 and 2007 underground production will increase as new mining areas are exposed by ongoing development.

Production data for the Kalana Mine for the 3 and 6 month periods ended June 30, 2006 and 2005 are as follows:

	<u>Three months ended June 30</u>		<u>Six months ended June</u>	
	<u>2006</u>	<u>2005</u>	<u>30</u>	<u>2005</u>
Tonnes milled ex underground	5,799	7,406	11,934	14,341
Tonnes milled ex sand stockpile	1,385	Nil	1,444	3,172
Total tonnes milled	7,184	7,406	13,378	17,513
Head grade ex underground ore - g/t	39.9	14.1	32.4	14.3
Head grade ex sand stockpile - g/t	6.1	Nil	6.0	4.9
Total mill head grade - g/t	33.4	14.1	29.5	12.7
Gold recovery -%	90.0	86.0	89.4	85.0
Ounces Produced	6,951	2,885	11,363	6,063
Metres developed	172.0	57.1	332.0	84.0

During 2005 and 2006, underground production has mainly come from mining of a new ore reserve block below the lowest haulage level (100m below surface). The ore reserve block is being developed down dip and rock is scraped up dip to the haulage level. This mining method will limit the production capacity of the mine until ore can be gravitated to new haulages being developed on the 150 and 180 levels lower in the mine. Productivity of the underground crews is improving, but at a slower rate than anticipated.

For the first six months underground grade at 32.40g/t has been better than the ore reserve grades. Gold recovery at 89.4% in the gravity plant has exceeded the budget of 85%. Underground production tonnes were 30% lower than budget.. This was partially attributable to the mechanical failure of Number 1 shaft winder and the delay in accessing ore development. Gold production was 27% above budget as the higher grade and gold recovery compensated for the lower tonnes mined.

On June 14 the Number 1 shaft winder failed mechanically and the repair to the gearbox was completed on July 6. The cost of the repair was \$165,000. No ore was hoisted to surface and the mine was accessed via Number 2 shaft. During this quarter it is estimated 880 tonnes of ore would have been hoisted. During the period 1,385 tonnes of lower grade coarse sands were processed through the mill. Development was hampered by this incident.

Underground development increased to 172 metres during the quarter compared to 160metres in quarter 1, 2006. The development of the 150 level haulage and ventilation raise from No 2 shaft advanced 50.0m. Sinking of No 2 shaft advanced 17m in quarter 2 to reach the 180m station. The No 1 Sub Incline Shaft advanced 12 metres to the shaft bottom. Installation of the rock loading facilities and the 160 level station commenced. Rock hoisting from 160 level will commence in quarter 3. Development of the 160 level to access the vein 18 South and 18A South ore reserve blocks can commence.

On 100 level the haulage north has intersected the Vein 18 ore reserve block. This ore reserve block will be developed between the 100 and 150 levels. Winzing from 100 level to the 130 level advanced 30m and vein 18 was intersected.. Raising from the 130 level will commence in quarter 3 and will hole the 100 haulage. Stopping will commence from vein 18 in quarter 4.

Exploration: Avnel Confirms and Extends Zone of Significant Gold Mineralisation in a RC Drill Program at the Djirila Main Zone, Kalana Property, South Mali

A follow-up RC drill programme at the Djirila Main Zone, Grid 8 area of the Kalana Exploitation Permit has confirmed and extended up dip the mineralised zone discovered in 2005 and diamond drilled in quarter 1,2006.

Six of the nine drill holes testing the near-surface, up-dip block at the Djirila Main Zone returned significant intersections and confirm that gold mineralisation continues to surface. The best intersections include **10.1g/t over 1m** from 59-60m in **RC-28**; **2.1g/t over 2m** from 24-26m and **4.7g/t over 2m** from 96-98m in **RC-29**; **2.2g/t** over 1m from 17-18m and **4.6g/t** over 1m from 100-101m in **RC-31**; **4.4g/t** over 1m from 88-89m and **4.4g/t** over 1m from 96-97m in **RC-32**; **9.7g/t over 3m** from 84-87m and **2.0g/t** over 1m from 94-95m in **RC-33**.

These results correlate with the results from the previous diamond drill program. The gold mineralisation in the Djirila Main Zone is best developed in DDH-02 (**11.14g/t Au over 24m** from 68-92m and **4.81g/t Au over 10m** from 136-146m), in DDH-06 (**14.57g/t Au over 3m** from 98-101m), in DDH-11 (**19.3g/t Au over 2m** from 46-48m, **12.55g/t Au over 19m** from 80-99m and **5.72g/t Au over 2m** from 120-122m), in DDH-12 (**3.04g/t Au over 7m** from 92-99m), in DDH-13 (**3.74g/t Au over 14m** from 98-112m), and in DDH-14 (**3.14g/t Au over 3m** from 113-116m).

This mineralised zone has now been traced by diamond core and RC drilling along a NNE strike for more than 250m where it has been found to have a vertical to steep easterly dip. The width of the mineralised zone varies from 3 to 50 metres and appears to be associated with a NNE-trending corridor of faulting and silica-sulphide emplacement.

The geochemical soil sampling program completed in late 2004 identified a number of potential drill targets on Grid 7A. Thirty holes, inclined at -50 degrees, were drilled in Grid-7A totalling 2,525m. The holes were located in the Tonda anomalies, to the north, and in the Dabaran West anomalies, to the south. The holes were planned to test various soil anomalies and artisanal workings

The results returned for the Grid-7A area (Tonda and Dabaran West anomalies) indicate that the mineralised systems in this grid area appear to have more modest grades and widths in the near-surface environment.

A geochemical soil sampling program was completed in the Kalana Mine area and Grid 7B, which lies east of Grid 7A. A number of gold anomalies were identified or confirmed within 3 kilometres of the Kalana Mine. On Grid 7B, a cluster of 4 main gold anomalies were identified. Despite the lower gold values on Grid 7B, their dimensions are important, the longest running up to 2.5kms in length.

Avnel's principal asset is an 80-per-cent interest in Société d'Exploitation des Mines d'Or de Kalana (SOMIKA). SOMIKA is the holder of an exploitation permit encompassing 387.4 square kilometres around the operating Kalana gold mine in southern Mali.

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Caution Regarding Forward Looking Statements:

Statements regarding the corporation's plans with respect to the Kalana Mine and exploration of the Kalana Permit are forward-looking statements. There can be no assurance that the planned ongoing development of the Kalana Gold Mine will be completed as forecast or that the exploration program on the Kalana Permit will identify minerals resources.

The TSX has neither approved nor disapproved the form or content of this information release.