



AVNEL GOLD MINING LIMITED

AVNEL GOLD MINING LIMITED (AVK:TSX) ANNOUNCES 2005 ANNUAL RESULTS

Period ended December 31, 2005.

For Immediate Release: March 31, 2006

Gold production at the Kalana Mine increases 100% to 14,923 ounces in 2005 and a follow up diamond drill program to drill define the recently discovered high- grade mineralization zones on the Kalana Permit commenced in November

Results

Gold production at the Company's Kalana Mine increased by 100% from 7,396 ounces in 2004 to 14,923 ounces in 2005 and cash costs reduced to \$484 per ounce of gold sold, down from \$791 per ounce sold in 2004. Gold production in quarter four was 5,222 ounces, the highest quarterly gold production since the mine started in 2004. The increase in production is due to higher underground grade mined and higher gold recoveries in the plant.

Avnel Gold Mining Limited ("Avnel" or the "Company") recorded a net loss of \$7.1 million (\$0.29 per share) for the twelve months ended December 31, 2005 and a net loss of \$1.7 million (\$0.03 per share) for the fourth quarter compared to net losses of \$5.4 million (\$58.00 per share) and \$1.9 million (\$19.27 per share) respectively for the same periods of 2004. The high loss per share for the year 2004 results from there being only 200,000 shares outstanding prior to the Initial Public Offering on June 30, 2005 when a further 47,193,605 shares were issued.

Exploration: Avnel commences to drill define two recently discovered high-grade mineralization zones

Following on the success of the June 2005 percussion drill program at the 387 km² Kalana Exploitation Permit in southern Mali, the Company has completed a technical report which concluded that a follow-up diamond core and RC drill program would be justified in order to drill define and expand the newly-discovered, high-grade gold zones at Grid 8. A diamond drill program began in November 2005 and results will be available in April 2006. It is planned to continue a RC drilling on Grid 8 in quarter two, 2006

The Djirila Main zone is interpreted as a NE-trending, fault-controlled, quartz-vein-stockwork zone located on the NW side of Djirila hill. This zone is characterised by high-grade gold mineralisation and produced significant gold assay intervals (e.g. 73.6g/t over 2m from 70 to 72m in RC-09a, and 45.9g/t Au over 4m from 114 to 118m in RC-15). In addition, the Djirila Main zone also contains significant widths of lower grade intersections (e.g., 5.4g/t Au over 36m from 64 to 100m in RC-09a).

The Djirila South zone is interpreted as a NE-trending, fault-controlled, quartz-vein-stockwork zone located on the SE side of Djirila hill. This zone is characterised by significant but lower grade mineralisation and produced several significant gold assay intervals (e.g., 4.1g/t Au over 6m from 17 to 23m in RAB-090, and 8.3g/t Au over 22m from 35 to 57m in RAB-118).

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 an initial 8 years period. During 2006 underground production will increase as new mining areas are exposed by ongoing development.

Production data for the Kalana Mine for the periods ended December 31, 2005 and 2004 are as follows: The following table shows the production from the Kalana Gold Mine:

	2005	2004
Tonnes milled	34,885	35,667
Gold grade - grams per tonne (g/t).....	15.5	9.4
Recovery rate - %	86.1%	68.6%
Gold production - ounces	14,923	7,396
Cost per tonne milled.....	\$155	\$144
Operating cost per ounce of gold sold	\$484	\$791

The total tonnes milled in 2005 was 2% below the production achieved in 2004 and 20% below the budgeted production. Gold production at 14,923 ounces was 1% below budget reflecting higher grades and gold recovery. During 2005, 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.

The gold grade of underground ore mined of 17.12 g/t in 2005 was 62% higher than that obtained in the previous year (10.58g/t). The grade was also 3.35g/t higher than budget of 13.77g/t because average stoping widths were reduced and actual grades of ore mined was significantly higher than that indicated by the reserve model. The mill grade of 15.5g/t (2004 – 9.4 g/t) obtained was lower than the underground grade as it was reduced by the processing of 4,614 tonnes of coarse sand (2004 – 4,604 tonnes) at 4.9 g/t (2004 - 4.7 g/t). In the fourth quarter , 8,442 tonnes, including 235 tonnes of coarse sand, were milled at a mill head grade of 21.96 g/t. Gold recovery was 87.6% and 5,222 ounces were produced

Gold recovery in 2005 also exceeded both the prior year and the budgeted rate. This was because of improved performance in the recovery section, lower than budgeted throughput and higher than budgeted head grades. When ore production increases in future, it is expected that the recovery rate will decrease to between 79% and 84%, depending on head grades and plant performance. Gold production increased to 14,923 ounces, approximately double the production achieved in 2004.

Mine development totalled 249 metres in 2005 compared to 168 metres in 2004. Underground development increased to 103 metres during quarter 4 2005 but progress was unsatisfactory at No 2 Shaft. The shaft is being sunk from 125 metres below surface to a final depth of 200m below surface. Shaft sinking has advanced 61 metres but only 8 metres was achieved during the fourth quarter. During the quarter the station steelwork and a mid shaft loading facility was installed at the 150 level shaft station. The mid shaft loading facility will enable the 150 level haulage (previously named the 250 level) to be developed while sinking of the shaft and development of the 180 level station is completed. The 150 level was advanced 17 metres. The development of the 150 level is 5 months behind schedule. The main factor delaying the shaft sinking was inexperienced mining crews and turnover of the expatriate staff. The expatriate staff for mine development has been increased from two to six and the Malian mining crews have been increased.

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 kilometers around the operating Kalana gold mine in southern Mali.

The Annual Financial Statements and Annual Information Form are available on Sedar (www.sedar.com) and the Avnel Gold website (www.avnelgold.com).

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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.