

AVNEL GOLD MINING LIMITED



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AVNEL GOLD MINING LIMITED

AVNEL GOLD MINING LIMITED (AVK: TSX) ANNOUNCES SECOND QUARTER 2008 RESULTS

Period ended June 30, 2008.

For Immediate Release: August 14, 2008

Avnel records a net loss of \$2,102,000 in the second quarter of 2008 and gold sales for the quarter of 3,679 ounces. Drilling has advanced on Avnel's Fougadian Exploration Permit.

Results

Avnel Gold Mining Limited ("Avnel" or the "Company") recorded net loss of \$2,102,000 for the three months ended June 30, 2008 compared to net income of \$280,000 for the same period in 2007. The net loss compared to last year's net income is mainly due to the increase in total expenses of 26% and a decrease in revenue by 29%.

Revenue has decreased to \$3,330,000 in the second quarter of 2008 from \$4,657,000 in the same quarter of 2007. Gold sales of 3,679 ounces decreased in the second quarter of 2008 compared to 7,994 ounces sold in the second quarter of 2007 due to lower grade. Average sales price increased from \$581 per ounce in the second quarter of 2007 to \$903 per ounce in the second quarter of 2008. Spot price has increased significantly from last year. Sales in the second quarter of 2007 included 3,060 ounces sold forward in a contract established in 2004 at a significantly lower price than the spot price. Sales in the second quarter of 2008 included 750 ounces sold forward at a price of \$948 per ounce.

Operations

Avnel's principal asset is an 80% interest in Societe des Mines d'Or De Kalana ("SOMIKA"). Avnel holds a 90% interest in the Fougadian Exploration Permit through its subsidiary, Avnel Mali SARL. The State of Mali holds the remaining 20% interest in SOMIKA. SOMIKA is the owner and operator of the Kalana Gold Mine located in the southwest of Mali and is the holder of an exploration permit in respect of 387.4 kilometres squared in south western Mali. Production data for the Kalana Mine for the three month period ended June 30, 2008 and 2007 are as follows:

Three months ended June 30

2008		2007
Tonnes milled.....	12,110	8,694
Gold grade - grams per tonne (g/t).....	12.37	24.3
Recovery rate - %.....	86.3	90.3
Gold production - ounces.....	4,150	6,144
Cost per tonne milled.....	239	292
Operating cost per ounce of gold sold.....	846	344
Operating cost per ounce of gold produced.....	698	413

Gold production of 4,150 ounces in the second quarter of 2008 was 12% below plan and 32% lower than the production in the second quarter of 2007. The lower gold production than plan was due to lower head grade (15%) and lower gold recovery (2.0%), despite 6% higher mill throughput.

Tonnes milled in the second quarter of 2008 were 39% above the production achieved in the corresponding period of 2007 and 6% higher than the planned production for the second quarter. 25% of ore was mined from vein 1 with ore being gravitated to the 180m level. Approximately 25% of ore was mined from development of vein 17 on 150m level and vein 18C on 180m level. Vein 17 is being prepared for stoping in the second half of the year.

The gold grade of ore milled in the second quarter of 2008 was 47% lower than that obtained in the second quarter of 2007, which was an exceptional high grade. The grade was 7% lower than the planned grade (15.0g/t) which is forecast to increase in the second half of the year. Gold recovery was 86% in the second quarter of 2008 compared to the planned rate (88%). Recovery was lower than plan due to the lower head grade.

Development advanced 535 metres in the second quarter of 2008 compared to the planned 506 metres and 419 metres in the second quarter of 2007. The 180m level haulage north intersected vein 18 North reserve block in May. Limited ore development was carried out on this vein and the grade of approximately 10g/t is less than the 30g/t reserve grade. This reserve block needs to be exposed by more development and diamond drilling to evaluate the block. In February, the 180m level haulage north intersected a steep dipping vein that is being developed by raising between 180m level and 150m level. The position and geometry of this vein was not anticipated by the current geological model that is based on historic drill holes spaced 50m apart. This vein has been designated vein 18C and has been developed from 180m level to 150m level.

Development of diamond drill sites on 150m level was completed in the second quarter. Using the existing compressed air diamond drill, 1,366m were drilled during the quarter compared to budget of 900m. The holes were targeting vein 18 north and vein 17 north between 100m level and 180m level to assist with mine production planning for 2008 and 2009. A new hydraulic drill was delivered in the second quarter and the first drill hole started in June. The drill holes will be drilled from 150m and 100m levels down to the 300m level. It is planned to complete 6,000m of diamond drilling with this new drill. These holes will provide additional information on the existing mineral resources and reserves between 180m and 300m levels. This information will be used to update the mineral resource and reserve estimates in early 2009. Due to the late delivery of this drill the program started 4 months behind the plan. It is anticipated that 1,500m will be drilled per quarter.

Mine operating costs for the three months ended June 30, 2008 amounted to \$3,212,000 compared with \$2,887,000 in the second quarter of 2007, an increase of 11%. One of the key factors driving the increase in costs is that the number of tonnes milled in the second quarter of 2008 was 39% greater than in the same quarter of 2007. Another reason for the increase in costs is the weakening of the US dollar against the CFA Franc. The average exchange rate of the US dollar to the CFA Franc has changed from 502 in the second quarter of 2007 to 428 in the second quarter of 2008, making CFA Franc costs incurred in Mali 17% more expensive in US dollar terms.

Cash operating costs of \$239 per tonne milled in the second quarter of 2008 were 18% lower than the cost per tonne in the corresponding period of 2007. Cash operating costs per ounce sold of \$846 per ounce of gold sold in the second quarter of 2008 increased significantly from \$344 per ounce in the same period for 2007. The main factor increasing the costs per ounce of gold sold is the decrease in grade and higher operating costs.

Exploration

Avnel advanced its exploration of the Fougadian Exploration Permit by commencing an exploration drilling program in March 2008. The Fougadian Permit is located directly south of the Permit on which the Kalana Mine is operating.

The drill program was focused on the Avnel-1 gold-in-soil geochemical anomaly that is the largest and the most important in terms of gold and arsenic values on the Fougadian Permit. It extends for almost 4 kilometres in a N-S direction and for 1.5 kilometres in an E-W direction.

Two diamond drill holes were completed to a depth of 190 metres in order to provide information on the bedrock structure that can be used to optimise the orientation of the RC drilling programme. 5,000m of inclined RC drill holes were completed on a grid pattern during the second quarter, covering only a portion of the Avnel 1 anomaly. Results are expected in the third quarter.

During the quarter, 44 RC holes totalling 1,400m were drilled on surface to a depth of 40m to provide infill information for the Kalana II and Kalana III open pit resources. This information will be used to revise the open pit resource estimate at the Kalana Mine.

Financing

As a result of the Company having incurred recurring operating losses, additional funding has been put in place to cover an expected working capital shortfall during the first half of 2008 (the "Financing"). The Financing, which was completed on April 14, 2008, involved three transactions with its principal shareholders and two other shareholders of the Company. Elliott, the majority shareholder, has provided the Company with \$3,000,000 in the form of a term loan, secured on the Company's assets, with an interest rate of 10%, for the purpose of providing additional working capital to bridge the projected cash shortfall in the second and third quarters of 2008 (the "Bridge Loan"). The Company has utilised \$1,000,000 of the Bridge Loan as at June 30, 2008. The Company projects that the Bridge Loan could be repaid out of operating cash flow in 2009. The Company's existing term loans with Elliott and Fern have been extended by one year from their current maturity of December 31, 2008. In addition, Elliott and two other shareholders of the Company have purchased 6,542,857 common shares of the Company at a subscription price of Cdn\$0.35 per common share in the form of a private placement (the "Private Placement"). This raised gross proceeds of Cdn\$2,290,000.

Additional information is available in the MD&A for the quarter ended March 31, 2008 which is available on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com and the Company's 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.