

NOT FOR DISTRIBUTION TO U.S. NEWSWIRE SERVICES  
OR FOR DISSEMINATION IN THE UNITED STATES

**AVNEL GOLD MINING LIMITED ANNOUNCES  
PRIVATE PLACEMENT**

**ST. PETER PORT, Guernsey, February 27, 2009** – Avnel Gold Mining Limited (“**Avnel**” or the “**Company**”) (TSX: AVK) announced that it has completed a non-arm’s length, non-brokered private placement (the “**Private Placement**”), with its principal shareholders, Elliott International, L.P. (“**Elliott International**”) and Elliott Associates, L.P. (“**Elliott Associates**”, and collectively with Elliott International, “**Elliott**”), and the Fern Trust. In connection with the Private Placement, the Company issued 5,277,817 ordinary shares in the capital of Avnel (the “**Shares**”) at a price of \$0.0315 per Share. The Shares were issued in partial satisfaction of the payment of the interest due on December 31, 2008 (the “**December Interest**”) on certain outstanding convertible loan notes previously issued by Avnel to each of Elliott International, Elliott Associates, L.P. and the Fern Trust. The remainder of the December Interest will be satisfied in such other form as mutually acceptable to the Company and Elliott and the Fern Trust.

Factors considered by the board of directors of the Company in making a determination that the December Interest should be satisfied, in part, by the issuance of Shares (in lieu of paying cash) included ensuring the Company had sufficient cash for its near term working capital needs as a result of the prevailing conditions in the financial markets and the limited availability of alternative financing arrangements.

Each of Elliott and the Fern Trust has beneficial ownership of, or control or direction over, directly or indirectly, more than 10% of the ordinary shares of Avnel. Accordingly, the Private Placement is a “related party transaction” for the purposes of Multilateral Instrument 61-101 – “Protection of Minority Share Holders in Special Transactions” (“**MI 61-101**”). Avnel relied on an exemption from the requirement to obtain a formal valuation and minority shareholder approval prescribed by MI 61-101 as they apply to the Private Placement, as at the time the terms of the Private Placement were agreed to, the Company determined that neither the aggregate of the fair market value of the subject matter of, nor the fair market value of the consideration for, the Private Placement exceeded 25% of Avnel’s market capitalization as calculated and determined in accordance with MI 61-101.

The material change report in respect of this related party transaction was not able to be filed a minimum of 21 days before the close of the Private Placement, as stipulated in MI 61-101. In the Company’s view, this is both reasonable and necessary in the circumstances because the December Interest became due and payable on December 31, 2008 and remained outstanding until the completion of the Private Placement.

Following closing of the Private Placement, Elliott International, Elliott Associates and the Fern Trust now hold respectively approximately 31.30%, 19.93% and 28.43% of the issued and outstanding ordinary shares of Avnel.

**About the Company:**

Avnel is a gold mining producing company operating the Kalana gold mine and is engaged in the exploration of the Kalana and Fougadian exploration permits.

Avnel's principal asset is an 80% interest in Société d'Exploitation des Mines d'Or de Kalana (“**SOMIKA**”). SOMIKA is the holder of a 30 year exploitation permit encompassing 387.4 sq. km. around and to the south of the operating Kalana gold mine in South West Mali. Avnel also holds the

Fougadian exploration permit covering an area of 150 sq. km. which lies to the South of the main Kalana exploitation permit.

For further information contact:

Howard Miller

Chief Executive Officer

Phone: +44.207.581.4566

Fax: +44.207.581.4493

Email: [howard@hbmiller.co.uk](mailto:howard@hbmiller.co.uk)

Website: [www.avnelgold.com](http://www.avnelgold.com)