AVNEL GOLD MINING LIMITED

NOTICE OF

ANNUAL MEETING

OF SHAREHOLDERS

TO BE HELD ON

MAY 26, 2016

AND

MANAGEMENT PROXY CIRCULAR

AND

FORM OF PROXY

April 18, 2016

AVNEL GOLD MINING LIMITED

Notice of Annual Meeting of Shareholders

Notice is hereby given that the annual meeting of the holders of common shares of Avnel Gold Mining Limited (the "**Company**") will be held at the offices of Blake, Cassels & Graydon LLP, Commerce Court West, 199 Bay Street, Suite 4000, 40^{th} Floor, Toronto, Ontario, Canada M5L 1A9 on Thursday, May 26, 2016, at 10:00 a.m. (Toronto time) for the following purposes:

(a) to receive the Company's audited consolidated financial statements as at and for the financial year ended December 31, 2015 and the auditors' report thereon, a copy of which is enclosed herewith;

(b) to elect the directors of the Company;

(c) to re-appoint the auditors and to authorise the board of directors of the Company to fix their remuneration; and

(d) to transact such other business as may properly come before the meeting or any adjournment thereof.

The specific details of the foregoing matters to be put before the meeting are set forth in the Management Proxy Circular accompanying this Notice of Meeting.

Shareholders are invited to attend the meeting. ***Registered shareholders*** who are unable to attend the meeting in person are requested to complete, date and sign the enclosed form of proxy and send it in the enclosed envelope or otherwise to the Secretary of the Company c/o Computershare Investor Services Inc., 100 University Avenue, 8th Floor, Toronto, Ontario, Canada, M5J 2Y1, or to the Secretary of the Company directly at the Company's registered office, Legis House, 11 New Street, St. Peter Port, Guernsey, GY1 2PF, fax number +44 1481 713369.

Non-registered shareholders who receive these materials through their broker or other intermediary are not entitled to vote their shares in person at the meeting unless they appoint themselves as proxyholder in accordance with the instructions in the enclosed form of proxy or voting instruction form. Accordingly, non-registered shareholders are encouraged to complete and send the form of proxy or voting instruction form in accordance with the instructions provided by their broker or intermediary regardless of whether they plan to attend the meeting.

To be effective, a proxy must be received by Computershare Investor Services Inc. or the Secretary of the Company not later than Tuesday, May 24, 2016 at 10:00 a.m. (Toronto time), or in the case of any adjournment of the meeting, not less than two business days prior to the time of the adjournment.

DATED April 18, 2016.

By Order of the Board of Directors

"H.B. Miller"

Howard B. Miller

Chairman

AVNEL GOLD MINING LIMITED

Management Proxy Circular for the Annual Meeting of Shareholders

to be held on May 26, 2016

Unless otherwise indicated, information in this Circular is given as of April 18, 2016 and all dollar amounts in this Circular are expressed in United States dollars.

PROXIES

Solicitation of Proxies

This Management Proxy Circular (the "Circular") is furnished in connection with the solicitation, by or on behalf of the management of Avnel Gold Mining Limited ("Avnel" or the "Company"), of proxies to be used at the Company's annual meeting (the "Meeting") of the holders of ordinary shares (the "Common Shares") to be held at 10:00 a.m. (Toronto time) on May 26, 2016 or at any adjournment or postponement thereof. It is expected that the solicitation will be primarily by mail, but proxies may also be solicited personally, by advertisement or by telephone, by directors, officers or employees of the Company without special compensation, or by the Company's transfer agent, Computershare Investor Services Inc., at nominal cost. The cost of soliciting will be borne by the Company.

Delivery of Meeting Materials

The Company is sending paper copies of the notice of the Meeting, this Circular and the form of proxy or voting instruction form (the "**Meeting Materials**") to registered and non-registered shareholders and is not relying on the "notice-and-access" provisions of Canadian securities laws. In the case of non-registered shareholders, the Meeting Materials are being sent indirectly through such shareholders' brokers or other intermediaries. The Company intends to pay for intermediaries to deliver the Meeting Materials to "objecting beneficial owners" (as defined in National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*).

Appointment of Proxyholder

The person(s) designated by management of the Company in the enclosed form of proxy are directors or officers of the Company. **Each shareholder has the right to appoint as proxyholder a person or company (who need not be a shareholder of the Company)**

other than the person(s) designated by management of the Company in the enclosed form of proxy to attend and act on the shareholder's behalf at the Meeting or at any adjournment or postponement thereof. Such right may be exercised by inserting the name of the person or company in the blank space provided in the enclosed form of proxy or by completing another form of proxy.

In the case of ***registered shareholders***, the completed, dated and signed form of proxy should be sent in the enclosed envelope or otherwise to the Secretary of the Company c/o Computershare Investor Services Inc., 100 University Avenue, 8th Floor, Toronto, Ontario, Canada, M5J 2Y1, or to the Secretary of the Company directly at the Company's registered office, which is located at Legis House, 11 New Street, St. Peter Port, Guernsey, GY1 2PF, fax number +44 1481 713369. In the case of ***non-registered shareholders*** who receive these materials through their broker or other intermediary, the shareholder should complete and send the form of proxy or voting instruction form in accordance with the instructions provided by their broker or other intermediary. Non-registered shareholders who wish to attend and vote their Common Shares in person at the Meeting must appoint themselves as proxyholder in accordance with the instructions in the form of proxy or voting instruction form.

To be effective, a proxy must be received by Computershare Investor Services Inc. or the Secretary of the Company not later than 10:00 a.m. (Toronto time) on Tuesday, May 24, 2016, or in the case of any adjournment or postponement of the Meeting, not less than two business days prior to the time of the adjournment or postponement.

Revocation of Proxy

A registered shareholder who has given a proxy may revoke it by depositing an instrument in writing signed by the shareholder or by the shareholder's attorney, who is authorised in writing, at the registered office of the Company (or by transmitting by electronic means a revocation signed by electronic signature by the shareholder or by the shareholder's attorney, who is authorised in writing, to the attention of the Secretary of the Company at fax number +44 1481 713369 at any time up to and including the last business day preceding the day of the Meeting, or in the case of any adjournment of the Meeting, the last business day preceding the day of the adjournment, or with the Chair of the Meeting on the day of, and prior to the start of, the Meeting or any adjournment thereof. A shareholder may also revoke a proxy in any other manner permitted by law.

Only a registered shareholder of the Company has the right to revoke a proxy. If you are a non-registered shareholder and wish to change your vote or proxy nominee, you must arrange for the intermediary in whose name your Common Shares are registered to revoke the proxy on your behalf in accordance with the instructions of such intermediary set out in the form of proxy or voting instruction form you received with the Notice of Meeting. Intermediaries may set deadlines for the receipt of revocation notices that are farther in advance of the Meeting than those set out above.

Voting of Proxies

On any ballot that may be called for, the Common Shares represented by a properly executed proxy given in favour of the person(s) designated by management of the Company in the enclosed form of proxy will be voted "for", "against" or withheld from voting in accordance with the instructions given on the form of proxy, and if the shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares will be voted accordingly. **If no choice is specified in the proxy with respect to a particular matter, the Common Shares represented by the proxy will be voted FOR such matter.**

The enclosed form of proxy confers discretionary authority upon the person(s) named therein to decide how to vote with respect to amendments to matters identified in the accompanying Notice of Meeting and with respect to other matters which may properly come before the Meeting or any adjournment thereof. As of the date of this Circular, management of the Company is not aware of any such amendment or other matter to come before the Meeting. However, if any amendments to matters identified in the accompanying Notice of Meeting or any other matters which are not now known to management should properly come before the Meeting or any adjournment thereof, the Common Shares represented by properly executed proxies given in favour of the person(s) designated by management of the Company in the enclosed form of proxy will be voted on such matters pursuant to such discretionary authority.

VOTING SHARES

Voting Shares

As at April 18, 2016, the Company had 304,330,124 Common Shares issued and outstanding, each carrying the right to one vote per Common Share. Except as otherwise noted in this Circular, a simple majority of the votes cast at the Meeting, whether in person, by proxy or otherwise, will constitute approval of any matter submitted to a vote.

Record Date

The board of directors of the Company (the "**Board of Directors**" or the "**Board**") has fixed April 21, 2016 as the record date for the purpose of determining holders of Common Shares entitled to receive notice of and to vote at the Meeting. Any holder of Common Shares of record at the close of business on the record date is entitled to vote the Common Shares registered in such shareholder's name at that date on each matter to be acted upon at the Meeting, either in person or by proxy.

Principal Shareholders

To the knowledge of the directors and executive officers of the Company, as at April 18, 2016, no person beneficially owned, directly or indirectly, or controlled or directed, more than 10% of the voting rights attached to the outstanding Common Shares of the Company except as stated below.

Name	Aggregate Number of Common Shares	Percentage of Outstanding Common Shares
"The Elliott Group" [(1)]	184,839,089	60.74%
Fern Trust [(2)]	33,602,022	11.04%

Notes:

(1) "The Elliott Group" is comprised of Elliott Associates, L.P., Elliott International, L.P., Manchester Securities Corp. and The Liverpool Limited Partnership.

(2) The family of Howard B. Miller, a director, Chairman of the Board and Chief Executive Officer of the Company, are beneficiaries of the Fern Trust.

MATTERS TO BE ACTED UPON AT MEETING

1. Presentation of Financial Statements

The audited comparative consolidated financial statements of the Company as at and for the year ended December 31, 2015 and the auditors' report thereon, copies of which accompanies this Circular, will be submitted at the Meeting. No vote will be taken on the financial statements.

2. Election of Directors

The number of directors to be elected at the Meeting is seven. Under the Memorandum and Articles of Association of the Company, directors of the Company are elected annually. Each director will hold office until the end of the next annual meeting or until the successor of such director is duly elected or appointed, unless such office is earlier vacated in accordance with the Memorandum and Articles of Association of the Company.

The Board has not adopted a "majority voting policy" with respect to uncontested director elections. A majority voting policy generally requires a director who receives more "withheld" votes than votes "for" his election to tender his resignation. Given that The Elliott Group holds more than 50% of the Common Shares, it has the ability to control the outcome of the election of directors, and the Company qualifies as a "majority controlled" company pursuant to section 461.3 of the Toronto Stock Exchange Company Manual, which exempts the Company from the Toronto Stock Exchange ("**TSX**") requirement to have a majority voting policy. For this reason, the Board does not believe the implementation of a majority voting policy would be meaningful or appropriate at this time. The Board will periodically review and consider its position on the adoption of a majority voting policy.

At the Meeting, the persons nominated for election as a director will be voted on individually and the voting results for each nominee will be publicly disclosed in a news release and the Company's report on voting results in respect of the Meeting filed on SEDAR at www.sedar.com.

In the absence of a contrary instruction, the person(s) designated by management of the Company in the enclosed form of proxy intend to vote FOR the election as directors of the proposed nominees whose names are set forth below, each of whom has been a director since the date indicated below opposite the proposed nominee's name. Management does not contemplate that any of the proposed nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, the Common Shares represented by properly executed proxies given in favour of such nominee(s) may be voted by the person(s) designated by management of the Company in the enclosed form of proxy, in their discretion, FOR another nominee.

The following table sets forth information with respect to each person proposed to be nominated for election as a director, including the number of Common Shares beneficially owned, directly or indirectly, or over which control or direction was exercised, by such person or the person's associates or affiliates as at April 18, 2016. The information as to Common Shares beneficially owned or over which control or direction is exercised, not being within the knowledge of the Company, has been furnished by the respective proposed nominees individually.

Nominee Name, Current Office with Company and Place of Residence	**Principal Occupation**(1)	**Director Since**(2)	**Common Shares**
Anthony M. Bousfield Director St. Andrews, Guernsey(3)(7)	Mr. Bousfield is currently Executive Chairman of Fern Group Limited and is engaged as consultant to a number of privately owned fiduciary and commercial enterprises.	February 23, 2005	Nil
Ibrahim Kantao Director Bamako, Mali	Mr. Kantao has held the position of Director General of AEL Mali SARL since August 2003, a company providing explosives and accessories with related services to the mining industry in Mali.	February 23, 2005	Nil
John Kearney Director Toronto, Ontario, Canada(3)(4)	Mr. Kearney has been Chairman and President of Canadian Zinc Corporation (TSX) since June 2003 and has held the positions of Chairman, Chief Executive Officer and director of Labrador Iron Mines Holding Limited since May 2007. He has also served as Chairman and director of Conquest Resources Limited (TSXV) since 2002; Anglesey Mining plc (LSE) since 1994; and as a director of Minco plc (AIM) since 1997 and Chairman since 2008.	February 23, 2005	1,000
Andrew King Director London, United Kingdom(3)(6)	Mr. King held the position of Chief Executive of Standard Bank Asia Limited in Hong Kong from June 2009 to September 2012 when he was moved to Franchise Head, Developed Markets until March 2014. On September 1, 2015 Mr King was appointed Group Business Development Director of Amalgamated Metals Corporation Plc.	March 30, 2015	Nil

Nominee Name, Current Office with Company and Place of Residence	Principal Occupation[1]	Director Since[2]	Common Shares
Howard B. Miller Chief Executive Officer, Executive Director and Chairman of the Board of Directors London, United Kingdom[7]	Mr. Miller became the Chief Executive Officer of the Company on September 30, 2008. Mr. Miller is also the Chairman of the Board of Directors. Mr. Miller has been a director of Anglesey Mining plc (LSE) since 2001.	February 23, 2005	Nil
Jonas U. Rydell Director London, United Kingdom[8]	Mr. Rydell has been employed as a Securities Analyst and Senior Portfolio Manager with Elliott Advisors (UK) since April 2004.	February 23, 2005	Nil
Keith McCandlish Director Calgary, Alberta, Canada[3][5]	Mr. McCandlish is a Professional Geologist with more than 35 years of international geological and engineering experience and since 2008 has been the Managing Director of DMT Geosciences Ltd., an international geoscience and engineering consulting firm.	March 30, 2015	Nil

Notes:

(1) This includes the principal occupation of each of the directors for the preceding five years.

(2) Each director's term of office expires at the end of the next annual meeting of shareholders of the Company. Retiring directors are eligible for re-election.

(3) Member of the Committee (as defined below), which performs the functions of an Audit Committee, a Compensation Committee, a Corporate Governance and Nominating Committee, and a Reserves, Resources and Environmental Committee. Mr. Bousfield serves on the Committee only in respect of its Audit Committee function. Mr. McCandlish serves on the Committee, but not in respect of its Audit Committee function.

(4) Chairman of the Committee in respect of its Audit Committee function and its Corporate 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) Mr. Miller's family are the beneficiaries of the Fern Trust which owns 33,602,022 Common Shares in the Company. See "Voting Shares – Principal Shareholders". Mr. Bousfield is the executive chairman of Fern Group Limited, a company associated with the Fern Trust. Neither Mr. Miller nor Mr. Bousfield is a trustee or a beneficiary of the Fern Trust.

(8) Mr. Rydell does not own or exercise control or direction over any Common Shares. Mr. Rydell is a senior portfolio manager with Elliott Advisors (UK), part of the group consisting of Elliott International, L.P., Elliott Associates L.P., Manchester Securities Corp. and the Liverpool Limited Partnership, which collectively own or exercise beneficial control over 184,839,089 Common Shares. See "Voting Shares – Principal Shareholders".

No director of the Company, 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 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* and was granted an order as amended and extended providing creditor protection until June 30, 2016.

No director of the Company has been subject to (a) 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 (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

3. Re-appointment of Independent Auditors

Ernst & Young LLP are the current auditors of the Company. At the Meeting, the holders of Common Shares will be requested to re-appoint Ernst & Young LLP as auditors of the Company to hold office until the end of the next annual meeting of shareholders or until a successor is appointed, and to authorise the Board of Directors to fix the auditors' remuneration. For details of the fees paid to the current auditor for the financial years ended December 31, 2015 and December 31, 2014 please refer to the section entitled "Audit Committee – External Auditor Service Fees" in the Company's current annual information form in respect of the year ended December 31, 2015 (the "**AIF**"), a copy of which is available on the Company's profile on SEDAR at www.sedar.com.

In the absence of a contrary instruction, the person(s) designated by management of the Company in the enclosed form of proxy intend to vote FOR the re-appointment of Ernst & Young LLP as auditors of the Company to hold office until the next annual meeting of shareholders or until a successor is appointed and the authorisation of the Board of Directors to fix the remuneration of the auditors.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Responsibility of the Compensation Committee

The Committee, in its function as the Compensation Committee of the Board (the "**Compensation Committee**"), is responsible for overseeing and making recommendations to the Board with respect to compensation of the Company's senior executives. Specifically, the

Compensation Committee assists the Board of Directors in fulfilling its oversight responsibilities by:

(i) reviewing and approving and then recommending to the Board of Directors salary, bonus and other benefits, direct or indirect, and any change of control packages of the Chief Executive Officer and other members of the senior management team;

(ii) recommending salary guidelines to the Board of Directors;

(iii) administering the Company's compensation plans, including the Company's Long Term Incentive Plan, outside directors' compensation plans and other such compensation plans or structure as are adopted by the Company from time to time;

(iv) researching and identifying trends in employment benefits; and

(v) establishing and periodically reviewing the Company's policies in the area of management benefits and perquisites.

The Compensation Committee is chaired by Mr. Andrew King and is composed entirely of independent directors (as determined based upon the meaning of "independence" pursuant to NI 58-101). Each member has (or had during their tenure on the committee), to the satisfaction of the Board of Directors, sufficient relevant skills and experience to be of assistance in carrying out the mandate of the Compensation Committee. The Compensation Committee meets at least once annually or more frequently as circumstances require. No consultant has, at any time since the beginning of the Company's most recently completed financial year, been retained to assist the Board in determining compensation for any of the Company's directors or executive officers.

Executive Compensation Philosophy

The Company's executive compensation practices and philosophy are designed to provide both current and long-term rewards to the Named Executive Officers (as defined below) and other senior executives that are consistent with their individual performance and contribution to the Company's objectives. Compensation components include base salaries, annual performance bonuses (when merited) and stock options. Levels of compensation are established and maintained with the intent of attracting and retaining superior quality employees. The Company does not maintain a pension plan for its employees and does not provide any other form of deferred compensation program; therefore, in certain cases, payments are made in lieu of pension contributions.

Salaries for the executives have been determined based on the individual's level of responsibility, the importance of the position to the Company and the individual's contribution to the Company's performance. The Long Term Incentive Plan is designed to provide executives with a long-term incentive to achieve the Company's objectives and contribute to shareholder value. Bonuses, if awarded, recognise contributions to achieving the Company's objectives.

Because of the financial requirements for carrying out the Company's business activities, the Compensation Committee places substantial reliance on the use of non-cash compensation for certain of the executive officers. This has been achieved by use of the stock-based compensation plans. The Committee believes these plans have assisted and will continue to assist the Company in attracting, retaining and motivating the key officers and employees.

The Compensation Committee continues to monitor its executive compensation program with a view to achieving superior executive management at a fair cost to the Company. As part of its review process, the Compensation Committee reviews peer group and other industry compensation data reported through surveys and other sources. In monitoring executive compensation, the Compensation Committee does not link the Company's share performance to compensation, except through the grant of stock options.

The Compensation Committee considers and reviews the risks associated with the Company's compensation policies and believes that the risks are kept minimal as the Company's share performance and the Company's profitability are not linked directly to compensation. Neither a Named Executive Officer (defined below) nor a director is permitted to purchase financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars or units of exchanged funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the named executive officer or director.

Compensation Mix

In keeping with Avnel's philosophy to link senior executive compensation to corporate performance and to motivate senior executives to achieve exceptional levels of performance, the Company has adopted a model that includes base salary, annual performance bonuses (when merited) and participation in the Long Term Incentive Plan (stock options), as described below. The table below sets forth the appropriate target mix for the Chief Executive Officer and the other Named Executive Officers and reflects an average target for all such Named Executive Officers.

		At-Risk Compensation	
Position	Base Salary	Short Term Incentives	Long Term Incentives
Chief Executive Officer	90%	Nil	10%
Named Executive Officers (excluding the Chief Executive Officer)	90%	5%	5%

Base Salary

Base salary levels reflect the fixed component of pay that compensates executives for fulfilling their roles and responsibilities and assists in the attraction and retention of highly qualified executives. Base salaries are reviewed as required to ensure they reflect each respective executive's performance and experience in fulfilling his or her role and to ensure executive retention.

Annual Performance Bonus

The annual performance bonus is a short-term variable element of compensation and payments are linked to the performance of the Company and each executive's contribution in achieving the Company's objectives.

Long Term Incentive Plan (Stock Options)

Long term incentives are performance-based grants of stock options. The awards are intended to align executive interests with those of shareholders by tying a portion of the executives' compensation to share performance and to assist in retention through vesting provisions.

The Company's Long Term Incentive Plan is administered by the Compensation Committee which makes recommendations to the Board. Options may be granted under the Long Term Incentive Plan to such directors, officers or employees of the Company and its subsidiaries as the Compensation Committee may from time to time designate. The term of any options granted under the Long Term Incentive Plan shall be determined by the Compensation Committee at the time of grant. Previous grants are taken into account when considering new grants. For additional details, see "Description of Long Term Incentive Plan" below.

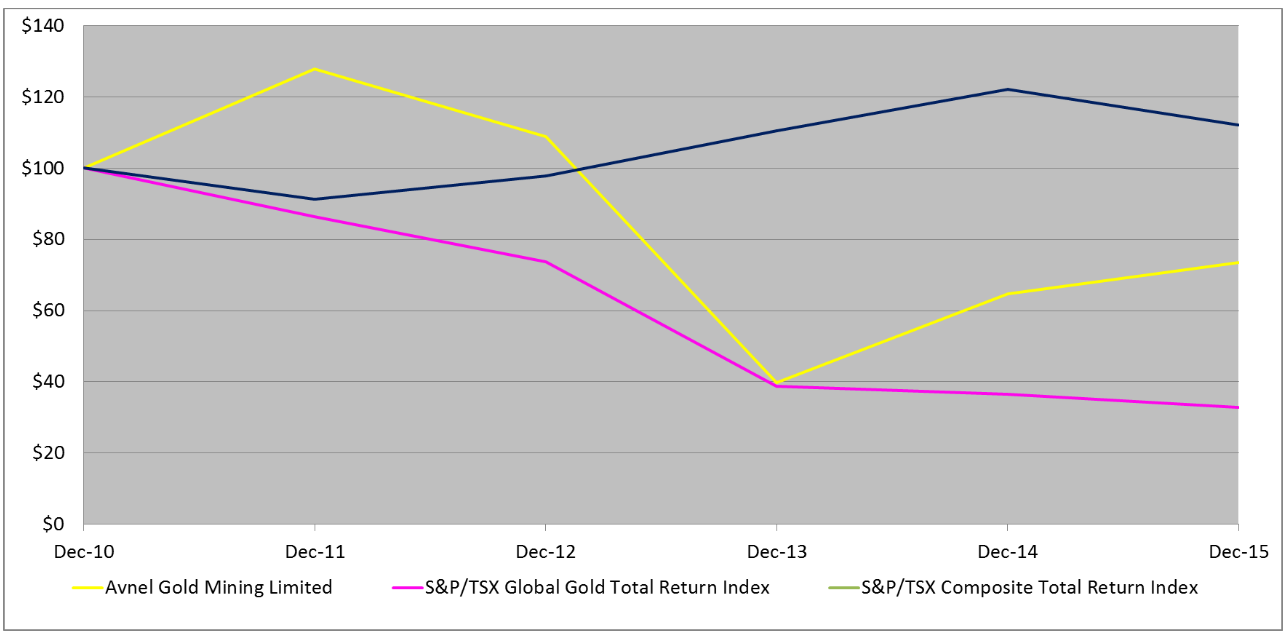
Chief Executive Officer Compensation

The components of the Chief Executive Officer's compensation are similar to those which apply to the other senior executive officers of the Company, namely base salary, performance bonus (which is subject to targets being achieved) and long-term equity incentives. The Compensation Committee presents its recommendations to the Board of Directors with respect to the Chief Executive Officer's compensation. In setting the recommended salary of the Chief Executive Officer, the Compensation Committee takes into consideration industry comparison. In setting the salary, performance bonus and long-term incentives for the Chief Executive Officer, the Compensation Committee evaluates the performance of the Chief Executive Officer in light of his impact on the achievement of the Company's goals and objectives.

Performance Graph

The following graph compares the percentage change in the Company's cumulative total shareholder return on its Common Shares with the cumulative total return of the S&P/TSX Global Gold Total Return Index and the S&P/TSX Composite Total Return Index for the period from December 31, 2010 to December 31, 2015. The graph illustrates the cumulative return on a C$100 investment in Common Shares made on December 31, 2010 as compared with the cumulative returns on C$100 investments in each of the S&P/TSX Global Gold Total Return Index and S&P/TSX Composite Total Return Index made on December 31, 2010. The Common Share performance as set out in the graph does not necessarily indicate future price performance. In monitoring executive compensation, the Compensation Committee does not link the Company's share performance to compensation, except through the grant of stock options.

Cumulative Total Shareholder Return
December 31, 2010 to December 31, 2015



(in Canadian dollars)	December 31, 2010	December 31, 2011	December 31, 2012	December 30, 2013	December 31, 2014	December 31, 2015
Avnel Gold Mining Limited	100.00	127.94	108.82	39.71	64.71	73.53
S&P/TSX Global Gold Total Return Index	100.00	86.40	73.71	38.75	36.52	32.82
S&P/TSX Composite Total Return Index	100.00	91.29	97.85	110.56	122.23	112.06

Summary Compensation Table

The following table sets out information concerning the compensation earned from the Company and any of the Company's subsidiaries during the financial years ended December 31, 2015, 2014 and 2013 by the Company's Chief Executive Officer and Chairman, the President, the Chief Financial Officer, the Vice President, Geology and the Vice President, Corporate Development (collectively, the "**Named Executive Officers**").

Name and principal position	Year	Salary (US$)	Share-based awards (US$)	Option-based awards (US$)	Non-equity incentive plan compensation (US$)		All other compensation (US$)[(4)]	Total Compensation (US$)
					Annual incentive plans	Long-term incentive plans		
Howard B. Miller [(1)] Chief Executive Officer, Director and Chairman	2015 2014 2013	331,197 357,002 338,498	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	25,431 25,964 17,467	356,628 382,966 355,965
Roy Meade [(1), (2)] President	2015 2014 2013	400,000 400,000 400,000	Nil Nil Nil	Nil 38,196 Nil	50,000 50,000 50,000	Nil Nil Nil	5,000 5,000 5,000	455,000 493,196 455,000

Name and principal position	Year	Salary (US$)	Share-based awards	Option-based awards	Non-equity incentive plan compensation (US$)		All other compensation (US$)[4]	Total Compensation (US$)
Alan McFarlane [1][3]	2015	206,998	Nil	Nil	Nil	Nil	8,488	215,486
	2014	223,126	Nil	5,305	Nil	Nil	9,028	237,459
Chief Financial Officer and Company Secretary	2013	211,561	Nil	7,853	Nil	Nil	8,617	228,031
Olivier Femenias [1]	2015	227,698	Nil	Nil	Nil	Nil	Nil	227,698
	2014	205,276	Nil	26,525	75,000	Nil	Nil	306,801
Vice President Geology	2013	107,539	Nil	Nil	Nil	Nil	Nil	107,539
Jeremy Link[1][5]	2015	127,670	Nil	Nil	Nil	Nil	Nil	127,670
	2014	49,266	Nil	53,050	Nil	Nil	Nil	102,316
Vice President, Corporate Developmen t	2013	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

(1) Salary and other compensation were paid to Messrs. Miller, McFarlane and Femenias in pounds sterling and Mr. Link in Canadian dollars. In 2015, Mr. Miller received £217,000, Mr. McFarlane received £135,000, Dr. Femenias received £149,000 and Mr. Link received C$163,000, and such compensation disclosed in the Summary Compensation Table has been converted using the average exchange rates for the 2015 financial year of £1.00 = US$1.5286 and C$1.00 = US$0.7823. In 2014, Mr. Miller received £217,000, Mr. McFarlane received £135,000, Dr. Femenias received £125,000 and Mr. Link received C$69,000, and such compensation disclosed in the Summary Compensation Table has been converted using the average exchange rates for the 2014 financial year of £1.00 = US$1.6477 and C$1.00 = US$0.9056. In 2013, Mr. Miller received £217,000, Mr. McFarlane received £135,000, Dr. Femenias received £69,000 and such compensation disclosed in the Summary Compensation Table has been converted using the average exchange rate for the 2013 financial year of £1.00 = US$1.5623. No options were awarded in 2015. The option awards value in 2014 are based on the fair value on the date of the award using a Black Scholes model and the following assumptions: volatility 83%, interest rate 1.75%. Mr. Meade's non-equity incentive plan compensation is cash bonuses paid after the year end under his employment agreement. Mr. Femenias' non-equity compensation was paid before the year end.

(2) Mr. Meade was appointed President of the Company and resigned as Executive Director, Operations with effect as of March 30, 2015. Mr. Meade's option award value in 2014 is based on the fair value on the date

of the award using a Black Scholes model and the following assumptions: volatility 83%, interest rate 1.75%.

(3) Mr. McFarlane was appointed Chief Financial Officer with effect as of July 1, 2012. Mr. McFarlane's option award value in 2013 is based on the fair value on the date of the award using a Black Scholes model and the following assumptions: volatility 57%, interest rate 1.25%. Mr. McFarlane's option award value in 2014 is based on the fair value on the date of the award using a Black Scholes model and the following assumptions: volatility 83%, interest rate 1.75%.

(4) "All other compensation" values relate to medical expenses benefits.

(5) Mr. Link was appointed Vice President, Corporate Development in September 2014 at an annual salary of $146,700. Mr. Link's option award value in 2014 is based on the fair value on the date of the award using a Black Scholes model and the following assumptions: volatility 83%, interest rate 1.75%.

Incentive Plan Awards

Outstanding Option-Based and Share-Based Awards

The following table sets out, for each Named Executive Officer, information concerning all option-based and share-based awards outstanding as of December 31, 2015 (this includes awards granted before the most recently completed financial year).

	Option-based Awards				Share-based Awards		
Name	**Number of securities underlying unexercised options**	**Option exercise price (US$)**	**Option expiration date**	**Value of unexercised in-the-money options (US$)[7]**	**Number of shares or units of shares that have not vested**	**Market or payout value of share-based awards that have not vested (US$)**	**Market or payout value of vested share-based awards not paid out or distributed (US$)**
Howard B. Miller Chief Executive Officer, Director and Chairman	500,000	0.32[1]	August 2018	Nil	Nil	Nil	Nil
Roy Meade President	2,500,000[5] 500,000 360,000	0.275 0.25[2] 0.14[5]	February 2023 December 2016 September 2019	Nil Nil 9,600	Nil Nil 120,0000	Nil Nil 6,400	Nil Nil Nil

	Option-based Awards				Share-based Awards		
Name	**Number of securities underlying unexercised options**	**Option exercise price (US$)**	**Option expiration date**	**Value of unexercised in-the-money options (US$)[7]**	**Number of shares or units of shares that have not vested**	**Market or payout value of share-based awards that have not vested (US$)**	**Market or payout value of vested share-based awards not paid out or distributed (US$)**
Alan McFarlane Chief Financial Officer and Company Secretary	50,000 50,000	0.25[4] 0.14[5]	March 2023 September 2019	Nil 2,000	Nil Nil	Nil Nil	Nil Nil
Olivier Femenias Vice President, Geology	250,000	0.14[5]	September 2019	10,000	Nil	Nil	Nil
Jeremy Link Vice President, Corporate Development	300,000	0.18[6]	September 2019	Nil	Nil	Nil	Nil

Note: The above options are priced in Canadian dollars:

(1) C$0.45

(2) C$0.35

(3) C$0.28

(4) C$0.35

(5) C$0.20

(6) C$0.25

(7) The Company's share price at December 31, 2015 was C$0.25 per share and the US$/C$ exchange rate was 1.3869.

Value Vested or Earned During the Year

The following table sets out, for each Named Executive Officer, information concerning the value of incentive plan awards — option-based and share-based awards as well as non-equity incentive plan compensation — vested or earned during the financial year ended December 31, 2015.

Name	Option-based awards – Value vested during the year (US$)	Share-based awards – Value vested during the year (US$)	Non-equity incentive plan compensation – Value earned during the year (US$)
Howard B. Miller Chief Executive Officer, Director and Chairman	Nil	Nil	Nil
Roy Meade President	4,318	Nil	50,000
Alan McFarlane Chief Financial Officer and Company Secretary	Nil	Nil	Nil
Olivier Femenias Vice President, Geology	4,498	Nil	Nil
Jeremy Link Vice President, Corporate Development	Nil	Nil	Nil

Equity Compensation Plan Information

The following table sets out information concerning the number and price of securities to be issued under equity compensation plans to employees and others as at December 31, 2015.

Plan Category	**Number of Securities to be Issued upon Exercise of Options, Warrants and Rights** **(a)**	**Weighted – Average Exercise Price of Outstanding Options, Warrants and Rights** **(US$)** **(b)**	**Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans** **(excluding securities reflected in (a))** **(c)**
Equity Compensation Plans Approved by Securityholders[(1)]	7,635,000	0.29	1,952,186
Equity Compensation Plans Not Approved by Securityholders	Nil	Nil	Nil
Total	7,635,000 (2.5% of capital)	0.29	1,952,186 (0.6% of capital)

Note:

(1) Includes the Company's Long Term Incentive Plan and the Compensation Option issued to Mr. Roy Meade. See "Description of the Long Term Incentive Plan – Common Shares Subject to the Plan", below, for a description of the formula for determining the maximum number of securities issuable under the Long Term Incentive Plan. A maximum of 2,500,000 Common Shares are issuable under the Compensation Option.

Description of Long Term Incentive Plan

The Long Term Incentive Plan is designed to provide the officers, directors, employees and consultants of the Company and its subsidiaries with a long-term incentive to achieve the Company's objectives and to contribute to shareholder value. The Long Term Incentive Plan is administered by the Compensation Committee, which has full and final authority with respect to the granting of options and performance units thereunder.

Pursuant to the rules of the TSX (the "**TSX Rules**"), unallocated options, rights or other entitlements under a TSX-listed issuer's security based compensation arrangement that does not have a fixed maximum number of securities issuable (which includes the Company's Long Term Incentive Plan), must be approved by a majority of the issuer's directors and by the issuer's securityholders every three years. Because the Long Tern Incentive Plan does not have a fixed number of Common Shares issuable thereunder, but permits the issuance of up to an aggregate of 10% of the outstanding Common Shares from time to time (as described below), the Company is required to obtain shareholder approval every three years for the continuation of the Long Term Incentive Plan.

The shareholders of the Company previously approved the adoption of the Long Term Incentive Plan on February 23, 2005 and re-approved the Long Term Incentive Plan, with certain amendments thereto, on May 29, 2008, May 24, 2012 and May 21, 2015.

Common Shares Subject to the Plan

The maximum number of Common Shares that may be issued under the amended Long Term Incentive Plan and all other security based compensation arrangements of the Company shall not exceed 10% of the then issued and outstanding Common Shares at the time of the offer or grant. As a result, should the Company issue additional Common Shares in the future, the number of Common Shares issuable under the Long Term Incentive Plan will increase accordingly. The Long Term Incentive Plan of the Company is considered an "evergreen" plan, since the Common Shares covered by options and performance units which have been exercised shall, after five years, be available for subsequent grants under the Long Term Incentive Plan and the number of options and performance units available to grant increases as the number of issued and outstanding Common Shares of the Company increases.

The number of Common Shares reserved for issuance under the Long Term Incentive Plan as at April 18, 2016 is 9,587,186, representing 5% of the total number of issued and outstanding Common Shares. The maximum number of Common Shares issuable under the Long Term Incentive Plan is 27,933,012 representing 10.0% of the total number of issued and outstanding Common Shares, less the 2,500,000 Common Shares issuable under Roy Meade's Compensation Option (as defined below). As at April 18, 2016, the total number of options granted under the Long Term Incentive Plan was 5,135,000 representing, in the aggregate, 1.7% of the total number of issued and outstanding Common Shares. No performance units have been granted under the Long Term Incentive Plan. From its inception to April 18, 2016, 1,000 options have been exercised under the Long Term Incentive Plan, representing 0.0003% of the current issued and outstanding Common Shares.

The Long Term Incentive Plan provides that:

(a) at the time of any grant of options or performance units, the maximum number of Common Shares which may be issuable under such options or performance units, when aggregated with (i) the number of Common Shares issuable under all outstanding options and performance units granted under the Long Term Incentive Plan, and (ii) the number of Common Shares issued during the five years preceding the grant pursuant to the Long Term Incentive Plan or any other employee share scheme operated by the Company, must not exceed 10% of the total number of Common Shares outstanding at the time of such grant;

(b) the total number of Common Shares issuable at any time pursuant to options and performance units granted to insiders or to any individual Participant under the Long Term Incentive Plan or pursuant to any other security based compensation arrangement of the Company must not exceed 10% of the outstanding issue of such Common Shares;

(c) the number of Common Shares which may be issued to insiders pursuant to a grant of options and performance units (being the aggregate of options and performance units issued under the Long Term Incentive Plan and under any other security based compensation arrangement of the Company) within a one year period must not exceed 10% of the outstanding issue of such Common Shares;

(d) the maximum number of options and performance units granted to any one insider and such insider's associates within a one year period shall not exceed 5% of the outstanding issue of such Common Shares; and

(e) the maximum number of Common Shares which may be issued from treasury pursuant to performance units granted under the Long Term Incentive Plan must not exceed 5% of the outstanding issue of such Common Shares, and the number of Common Shares which may be issued pursuant to performance units granted under the Long Term Incentive Plan to any one person must not exceed 5% of the issued and outstanding voting securities of the Company. In each case, the Company may, from time to time, designate such other maximum number which will not in any event exceed the maximum number permitted from time to time under the TSX Rules.

Subject to paragraph (e) above and compliance with applicable regulatory requirements, the Company may satisfy its obligations to provide Common Shares to participants by issuing Common Shares from treasury or acquiring Common Shares in the market through the services of an independent broker.

Option Terms

Options may be granted under the Long Term Incentive Plan to such directors, officers or employees of the Company and its subsidiaries as the Compensation Committee may from time to time designate. The exercise price of any options granted under the Long Term Incentive Plan shall be not less than the weighted average market price per Common Share on the TSX during the five trading days immediately preceding the date of grant. Under the Long Term Incentive Plan, the Company may provide financial assistance to eligible persons to purchase Common Shares upon the exercise of the options or pay income tax eligible upon exercise of the options, subject to applicable law and the rules and policies of any securities regulatory authority or stock exchange with jurisdiction over the Company or a trade in its securities. Any financial assistance so provided will be repayable with full recourse and the term of any such financing shall not exceed the term of the options to which the financial assistance applies. The amended Long Term Incentive Plan will include an option for Participants to exercise their options and receive common shares from the Company without any cash payment.

The term of any options granted under the Long Term Incentive Plan shall be determined by the Compensation Committee at the time of grant but, subject to earlier termination in the event of termination of employment or in the event of death or disability, the term of any options granted shall not exceed 10 years. If desired by the Compensation Committee, options granted under the Long Term Incentive Plan may be subject to vesting provisions. The exercise date shall be set by the Compensation Committee upon the date of grant and will be subject to the acceleration of the vesting of options upon termination of employment other than for cause.

Subject to certain exceptions, in the event than an option holder ceases to provide services to Avnel (including on the death or disability of the option holder), options granted to such option holder under the Long Term Incentive Plan will expire on the earlier of 90 days from the date of termination and the expiration date set by the Compensation Committee in the option grant. Upon the retirement of the option holder, the options granted under the Long Term Incentive Plan will expire on the earlier of three years after the date of retirement (unless the option holder dies prior to expiry of the first two year of such three year period, in which case the options will expire one year after the option holder’s death) and the expiration date set by the Compensation Committee in the option grant. If an option holder is terminated for cause, the options terminate immediately. In the event of a reorganization of Avnel (including an offer to acquire all of the outstanding Common Shares or a sale of a material portion of its assets), the Company may commute the term of the options on at least 30 days’ written notice, so that such options are exercisable at any time during the notice period (regardless of whether they have otherwise vested) and are cancelled at the expiry of the notice period.

If the termination date of an option (including a termination date that has been accelerated in accordance with the preceding paragraph as a result of the termination of employment, retirement, death or disability of the option holder) falls within a black-out period designated by the Company during which the option holder is prohibited from exercising an option, or within ten business days after the expiry of the black-out period, then the termination date for that option shall be the date that is the tenth business day after the expiry of the black-out period.

Options granted under the Long Term Incentive Plan are not transferable or assignable other than by the prior written consent of the Compensation Committee and subject to applicable securities regulatory rules.

Performance Unit Terms

Performance units may be granted under the Long Term Incentive Plan subsequent to each fiscal year to such directors, officers, employees or consultants of the Company and its subsidiaries as the Compensation Committee may from time to time designate. The Compensation Committee is required to set the total dollar amount of the grant and the release dates for the Common Shares underlying the performance units. The number of performance units granted is determined by dividing the total dollar amount of the grant by the weighted average market price per Common Share during the five trading days immediately preceding the date of grant. Each performance unit entitles the holder to receive one Common Share on the applicable release date or, at the option of the Company, an amount of cash equal to the weighted average market price per Common Share on the TSX during the five trading days immediately preceding the release date. The release date must be at least three months following the grant date. The Compensation Committee may also set any additional terms and conditions of the grant as it sees fit, including performance criteria and restrictions on the resale of Common Shares acquired on the release of performance units.

Subject to certain exceptions, in the event than a participant ceases to provide services to Avnel (including on the death or disability of the option holder), all performance units granted to a participant under the Long Term Incentive Plan shall be paid out in Common Shares within 90 days from the date of termination. Upon the retirement of the participant, all performance units granted to a participant under the Long Term Incentive Plan shall be paid out in Common Shares within three years from the date of retirement. If a participant is terminated for cause, all performance units that have not been paid out in Common Shares as of the date of termination shall be forfeited. If there is a change of control of Avnel, all performance units shall be paid out in Common Shares; provided that, in the event of a reorganization of Avnel (including an offer to acquire all of the outstanding Common Shares or a sale of a material portion of its assets), the Company may commute the performance units into any other property or cash on at least 30 days' written notice. If such notice is given, a participant may elect to require the Company to pay out his or her performance units in Common Shares during the notice period.

Performance units granted under the Long Term Incentive Plan are not transferable or assignable other than by the prior written consent of the Compensation Committee and subject to applicable securities regulatory rules.

Amendments

Any amendments to the Long Term Incentive Plan or options or performance units granted thereunder must be recommended by the Compensation Committee and approved by the Board of Directors. In addition, shareholder approval is required for the following changes to the Long Term Incentive Plan or options or performance units granted under it: (a) increasing the maximum number of Shares issuable pursuant to the Long Term Incentive Plan, either as a fixed number or a fixed percentage of the Company's issued and outstanding Common Shares; (b) making any amendment that would reduce the exercise price of an outstanding option (including the cancellation and reissuance of an option constituting a reduction of the exercise price); (c) extending the term of any option or performance unit granted under the Long Term Incentive Plan; (d) changing or increasing any insider participation limits or non-employee director participation limits previously imposed; (e) permitting options or performance units granted under the Long Term Incentive Plan to be transferable or assignable other than for normal estate settlement purposes; (f) expanding the definition of "Participant", "Employee" or "Eligible Person" in the Long Term Incentive Plan; (g) amending the Long Term Incentive Plan to provide for other types of compensation through equity issuances; or (h) amending the amendment provisions in Section 19 of the Long Term Incentive Plan.

Amendments which could be made without shareholder approval would include amendments related to: (a) the terms and conditions of the Long Term Incentive Plan necessary to ensure that the Long Term Incentive Plan complies with applicable law and regulatory requirements, including the requirements of the TSX; (b) the provisions respecting administration of the Long Term Incentive Plan and eligibility for participation; (c) the Article 7 termination provisions of the Long Term Incentive Plan; (d) the provisions of the Long Term Incentive Plan respecting the terms and conditions on which options or performance Units may be granted, including the vesting schedule; (d) the addition of, and any subsequent amendment to, any financial assistance provision; (e) housekeeping changes (such as a change to correct an immaterial inconsistency or clerical omission or a change to update a routine administrative provision such as contract information; or (f) any other amendments not requiring shareholder approval under applicable laws or the requirements of the TSX or any other applicable exchange.

The Long Term Incentive Plan was amended effective April 18, 2012 and approved by shareholders of the Company on May 24, 2012 to increase the maximum number of Common Shares (i) issuable at any time pursuant to options and performance units granted to insiders under the Long Term Incentive Plan or pursuant to any other security based compensation arrangement of the Company, and (ii) which may be issued to insiders pursuant to a grant of options and performance units under the Long Term Incentive Plan and under any other security based compensation arrangement of the Company) within a one year period, in each case from 5% to 10% (the "**Insider Participation Amendments**"), and to deal with certain housekeeping matters. The Insider Participation Amendments were approved by the shareholders of the Company on May 24, 2012. In accordance with the terms of the Long Term Incentive Plan, the housekeeping amendments did not require shareholder approval.

The Long Term Incentive Plan was amended effective April 17, 2015 and approved by shareholders of the Company on May 21, 2015 to (i) to further limit the number of shares issuable under the Long Term Incentive Plan and all other security based compensation arrangements; (ii) to introduce a cashless exercise option for participants; (iii) to revise the amendment procedures to ensure that the procedures comply with applicable TSX rules; and (iv) and to deal with certain housekeeping matters. Shareholders of the Company re-approved the Long Term Incentive Plan and these amendments on May 21, 2015. In accordance with the terms of the Long Term Incentive Plan, the housekeeping amendments did not require shareholder approval.

Description of Compensation Option Issued to Mr. Roy Meade

On February 23, 2005, outside of the Long Term Incentive Plan, the Company granted to Mr. Roy Meade, who at that time was the Chief Executive Officer of Avnel, an option (the "**Compensation Option**") to acquire up to 2.5 million Common Shares at an exercise price per share of the Canadian dollar equivalent of US$0.275. The exercise price was determined by dividing the aggregate investment of the Elliott Group and the Fern Trust in the Company on the closing date of the Company's initial public offering (the "**IPO**") by the number of Common Shares held the by Elliott Group and the Fern Trust on the closing date of the IPO (excluding any shares purchased by them in connection with the IPO). One-third of the Compensation Option was exercisable on June 30, 2005, one-third became exercisable on February 23, 2006, and the remaining one-third became exercisable on February 23, 2007. Mr. Meade has not exercised any of his vested options under the Compensation Option. The Common Shares issuable under the Compensation Option represent 0.82% of the outstanding Common Shares.

The grant of the Compensation Option was made in satisfaction of an outstanding obligation on the part of Avnel Gold, Limited ("**Avnel Cayman**"), now a subsidiary of the Company since February 2005, to grant free of charge an amount of deferred shares representing 5% of the issued and outstanding shares of Avnel Cayman made in consideration of Mr. Meade's agreement to accept employment with Avnel Cayman in September 2003.

The Compensation Option was initially set to expire on the earlier to occur of (a) Mr. Meade terminating his employment with the Company of his own volition, and (b) February 23, 2010. On September 29, 2008, the Compensation Option was amended and restated to (x) extend the latest exercise date to February 23, 2013, and (y) provide that the Compensation Option will not terminate if Mr. Meade ceases to be employed by the Company. The 2008 amendment and restatement of the Compensation Option was approved by the shareholders of the Company on May 27, 2009. In December 2012, the Compensation Committee, under the authority granted to it by the Board of Directors, resolved to amend the Compensation Option to extend the latest exercise date until the earliest to occur of (a) February 23, 2023, (b) the second anniversary of the termination of Mr. Meade's employment by the Company without cause, (c) the first anniversary of Mr. Meade's resignation or voluntary retirement from the Company, and (d) the day immediately prior to the termination of Mr. Meade's employment by the Company for cause. The amendment was made effective as of February 23, 2013 and was approved by the shareholders of the Company on May 23, 2013.

In the event of a reorganization of Avnel (including an offer to acquire all of the outstanding Common Shares or a sale of a material portion of its assets), the Company may commute the term of the Compensation Option on at least 30 days' written notice, so that the option is exercisable at any time during the notice period and is cancelled at the expiry of the notice period.

The Compensation Option is not transferable or assignable by Mr. Meade other than by the prior written consent of the Board and subject to applicable securities regulatory rules.

The Compensation Option does not contain any specific amendment procedures. Accordingly, in accordance with the TSX Rules, the Compensation Option cannot be amended without shareholder approval.

Employment Contracts

The following table sets out the annual remuneration, termination notice period and associated compensations for each Named Executive Officer as of the date hereof.

NEO	Annual Remuneration (US$)	Termination Notice Period (without cause)	Additional Termination Compensation (US$)	Termination Compensation for Change of Control
Howard B. Miller[1] Chief Executive Officer, Director and Chairman	406,250	3 months for the employee, and 12 months for the employer during period of contract	Nil	12 months' remuneration,
Roy Meade[1][2] President	400,000	3 months for the employee, and 3 months for the employer during period of contract	Nil	12 months' remuneration
Alan McFarlane[1] Chief Financial Officer and Company Secretary	243,750	3 months for the employee, and 12 months for the employer during period of contract	Nil	6 months' remuneration
Olivier Femenias[1] Vice President Geology	275,000	None	Nil	18 month's remuneration
Jeremy Link[1] Vice President Corporate Development	128,000	3 months for the employee, and 12 months for the employer during period of contract	Nil	6 months' remuneration

Note:

(1) Effective January 1, 2016 the salaries of Mr. Miller, Mr. McFarlane and Mr. Meade are set in US dollars. Dr. Femenias' salary is set in pounds sterling at £180,000 and the compensation disclosed in the Table above has been converted using the average USD/GBP exchange rate for the 2015 financial year of £1.00 = US$1.5286. Salary paid to Mr. Link is in Canadian dollars and such compensation disclosed in the Termination and Change of Control Table has been converted using the average C$/US$ exchange rate for the 2015 financial year of C$1.00 = US$0.7823

(2) Mr. Meade was appointed President of the Company and resigned as Executive Director, Operations with effect as of March 30, 2015.

Material Employment Terms

Mr. Miller, Mr. McFarlane and Mr. Link's employment contracts provide for an indefinite term of employment, subject to dismissal for cause or in accordance with the notice requirements specified in the table above. Dr. Femenias has a rolling 12 month contract. The term of Mr. Meade's employment was for an initial two years from January 1, 2011, with subsequent terms of 18 months. Mr. Meade's subsequent terms are automatically renewed unless notice is provided by either party on 90 days prior notice. In addition to Mr. Meade's base salary of $400,000, a bonus payment not exceeding $50,000 can be awarded on an annual basis at the discretion of the Board of Directors. Mr. Meade is also governed by a non-solicitation clause which restricts the solicitation of any individual or business entity who is providing services to the Company and any clients or suppliers of the Company. Additionally, this clause restricts any action which would impair any relationships the Company has formed. This non-solicitation clause remains effective during the course of Mr. Meade's employment and for a period of two years after termination.

Provided that the Named Executive Officer was not terminated for cause, the Company will pay the termination benefits outlined in the table above.

The following table sets out the compensation entitlements that would be payable to each Named Executive Officer if such executives were terminated on December 31, 2015 in connection with a change of control. "Change of control" is defined in the employment agreements of the Named Executive Officers as the acquisition by any Person (other than, collectively or individually, Elliott Associates L.P., Elliott International L.P., Manchester Securities Corp., The Liverpool Partnership and/or the Fern Trust) of the right to cast more than 50% of the votes attaching to all securities of the Company.

	Lump Sum Payment (US$)	**Equity Compensation Awards Accelerated and Immediately Vested (US$)**	**Equity Compensation Awards (US$)**
Howard B. Miller Chief Executive Officer, Director and Chairman	406,250	Nil	Nil
Roy Meade President	400,000	Nil	Nil
Alan McFarlane Chief Financial Officer	243,750	Nil	Nil
Olivier Femenias Vice President, Geology	412,500	Nil	Nil
Jeremy Link Vice President, Corporate Development	128,000	Nil	Nil

Director Compensation

On March 30, 2015, Messrs. Kyle and Meade resigned from the Board of Directors of the Company and were replaced by Messrs. King and McCandlish.

During the financial year ended December 31, 2015, the lead director was entitled to be paid $20,000, directors of the Company who were not officers or employees of the Company and were members of the Committee were entitled to be paid an annual fee of $18,000 and those directors who were not members of the Committee were entitled to be paid an annual fee of $15,000. Directors are also eligible to participate in the Long Term Incentive Plan. Directors are reimbursed for out-of-pocket expenses incurred in attending meetings of the Board of Directors and the Committee. Directors who are also officers or employees of the Company were not paid any amount as a result of their serving as directors of the Company. In addition, Mr. Rydell did not receive any director fee in 2015.

Mr. Kantao receives $36,000 as a director of the Company and a director of Societe Minere Du Katanga ("**SOMIKA**"). Mr. Kantao represents the Company as an independent director on the SOMIKA board of directors. The Company is also represented by management on the SOMIKA board of directors.

Director Compensation Table

The following table sets out information concerning the compensation earned from the Company by the Company's directors, other than directors who are Named Executive Officers of the Company, relating to the financial year ended December 31, 2015.

Name	Fees earned (US$)	Share-based awards (US$)	Option-based awards (US$)	Non-equity incentive plan compensation (US$)	All other compensation (US$)	Total (US$)
Anthony M. Bousfield	16,250	Nil	Nil	Nil	Nil	16,250
Ibrahim Kantao	36,000	Nil	Nil	Nil	Nil	36,000
John Kearney	20,000	Nil	Nil	Nil	Nil	20,000
Keith McCandlish	13,500	Nil	Nil	Nil	Nil	13,500
Derek Kyle	4,500	Nil	Nil	Nil	Nil	4,500
Andrew King	13,500	Nil	Nil	Nil	Nil	13,500
Jonas U. Rydell	Nil	Nil	Nil	Nil	Nil	Nil

Compensation information for Mr. Miller who was a director and Named Executive Officer of the Company for the all of 2015 and as at December 31, 2015, and Mr. Meade who resigned as a director on March 30, 2015 but remained a Named Executive Officer, can be found above under “Summary Compensation Table”.

Outstanding Option-Based and Share-Based Awards for Directors

The following table sets out, for each director, other than directors who are Named Executive Officers of the Company, information concerning all option-based and share-based awards outstanding as of December 31, 2015 (this includes awards granted before the most recently completed financial year).

	Option-based Awards				**Share-based Awards**		
Name	**Number of securities underlying unexercised options (#)**	**Option exercise price (US$)**	**Option expiration date**	**Value of unexercised in-the-money options (US$)**	**Number of shares or units of shares that have not vested (#)**	**Market or payout value of share-based awards that have not vested (US$)**	**Market or payout value of vested share-based awards not paid out or distributed (US$)**
Anthony M. Bousfield	200,000 250,000	0.32[1] 0.43[2]	August 13, 2018 November 15, 2021	Nil Nil	Nil Nil	Nil Nil	Nil Nil
Ibrahim Kantao	200,000 250,000	 0.32[1] 0.43[2]	August 13, 2018 November 15, 2021	- Nil Nil	- Nil Nil	- Nil Nil	 Nil Nil
John Kearney	200,000 500,000	0.32[1] 0.43[2]	August 13, 2018 November 15, 2021	Nil Nil	Nil Nil	Nil Nil	Nil Nil
Andrew King	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Jonas U. Rydell	200,000 250,000	0.32[1] 0.43[2]	August 13, 2018 November 15, 2021	Nil Nil	Nil Nil	Nil Nil	Nil Nil
Keith McCandlish	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Note: The above options are priced in Canadian dollars and the US$/C$ exchange rate at December 31, 2015 was C$1.00 = $1.3869:

(1) C$0.45

(2) C$0.60

Compensation information for Mr. Miller who was a director and Named Executive Officer of the Company for the all of 2015 and as at December 31, 2015, and Mr. Meade who resigned as a director on March 30, 2015 but remained a Named Executive Officer, can be found above under "Incentive Plan Awards".

Value Vested or Earned During the Year for Directors

The following table sets out, for each director, other than directors who are Named Executive Officers of the Company, information concerning the value of incentive plan awards — option-based and share-based awards as well as non-equity incentive plan compensation — vested or earned during the financial year ended December 31, 2015.

Name	Option-based awards – Value vested/earned during the year (US$)	Share-based awards – Value vested during the year (US$)	Non-equity incentive plan compensation – Value earned during the year (US$)
Anthony M. Bousfield	Nil	Nil	Nil
Ibrahim Kantao	Nil	Nil	Nil
John Kearney	Nil	Nil	Nil
Keith McCandlish	Nil	Nil	Nil
Andrew King	Nil	Nil	Nil
Jonas U. Rydell	Nil	Nil	Nil

Incentive plan award information for Mr. Miller who was a director and Named Executive Officer of the Company for the all of 2015 and as at December 31, 2015, and Mr. Meade who resigned as a director on March 30, 2015 but remained a Named Executive Officer, can be found above under "Incentive Plan Awards".

Indebtedness of Directors and Executive Officers

There was no indebtedness of any current or former director, executive officer or employee of the Company or of any proposed nominee for election as a director of the Company and each associate of any such director, executive officer or proposed nominee to, or guaranteed or supported by, the Company or any subsidiary thereof either pursuant to an employee stock purchase program of the Company or otherwise at any time since the commencement of the financial year of the Company ended December 31, 2015.

Interests of Certain Persons and Companies in Matters to be Acted Upon

Except as otherwise disclosed in this Circular, no person or company that has been a director, proposed director or executive officer of the Company at any time since the commencement of the most recently completed financial year of the Company, nor any associate or affiliate of any such director, proposed director or executive officer, has had any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, other than the election of directors or the appointment of the auditors.

Interests of Informed Persons in Material Transactions

Management of the Company is not aware of any material interest, direct or indirect, of any director, proposed director or executive officer of the Company, any person who, to the knowledge of Management of the Company, beneficially owns or exercises control or direction over securities carrying more than 10% the voting rights attached to any class of outstanding voting securities of the Company, any other "informed person" (as such term is defined in National Instrument 51-102 – *Continuous Disclosure Obligations*), or any associate or affiliate of any of the foregoing, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

CORPORATE GOVERNANCE DISCLOSURE

Introduction

The Company and the Board of Directors recognise the importance of corporate governance to the effective management of the Company and to the protection of its employees and shareholders. The Company's approach to significant issues of corporate governance is designed with a view to ensuring that the business and affairs of the Company are effectively managed so as to enhance shareholder value.

Given that The Elliott Group holds more than 50% of the Common Shares, it has the ability to control the outcome of the election of directors, and the Company qualifies as a "majority controlled" company pursuant to section 461.3 of the Toronto Stock Exchange Company Manual, which exempts the Company from the Toronto Stock Exchange ("**TSX**") requirement to have a majority voting policy.

Composition of the Board of Directors

The Board of Directors has concluded that if the proposed seven nominees for election to the Board of Directors are elected at the Meeting, five of the seven directors will be independent (as determined based upon the meaning of "independent" pursuant to NI 58-101). The independent directors are Messrs. Bousfield, Kearney, Kantao, McCandlish and King.

Mr. Miller, the Chairman and Chief Executive Officer of the Company, is not an independent director in light of his executive position with the Company. Mr. Rydell is not independent because he is a senior employee of Elliott Advisors, which is part of The Elliott Group that is the controlling shareholding of the Company. See “Voting Shares – Principal Shareholders” for additional information.

The Board of Directors has concluded that the majority of directors are independent and that the Chairman is not independent. When voting on Board resolutions, directors with a direct interest in the resolution abstain from the vote. In addition, as previously noted, the Committee, in its different functions, meets regularly (on a quarterly basis) in the absence of the remaining members of the Board of Directors and calls upon executive directors from time to time to provide information, comments and recommendations as may be required by the Committee.

During 2009, the Company appointed John Kearney as lead director, whose responsibilities are to provide leadership for the independent directors, ensure that the effectiveness of the Board is assessed on a regular basis, oversee that the Board of Directors discharges its responsibilities, ensure that the Board of Directors evaluates the performance of management objectively, ensure that the Board of Directors understands the boundaries between the Board of Directors and management responsibilities and, in conjunction with the Chairman of the Board, facilitate the effective and transparent interaction of Board members and management.

The following table shows directors’ attendance at Board meetings and, if applicable, meetings of the Committee from January 1, 2015 to the date hereof.

Member	Position with Avnel	Board Meeting Attendance	Committee / Audit Committee Meeting Attendance
Howard B. Miller	Chairman and Chief Executive Officer	6/6	–
Andrew King[(1)]	Director	5/5	4/4
Roy Meade[(1)]	President and Former Director	1/1	–
Anthony M. Bousfield[(2)]	Director	5/6	2/2
Ibrahim Kantao	Director	3/6	0/1
John Kearney	Lead Director	6/6	5/5
Derek Kyle[(1)]	Former Director	1/1	1/1
Keith McCandlish[(1)(2)]	Director	5/5	2/2
Jonas U. Rydell	Director	5/6	–

(1) On March 30, 2015, Messrs. King and McCandlish were appointed to the Board of Directors of the Company, replacing Messrs. Kyle and Meade. Mr. Meade was appointed President of the Company and resigned as Director, Operations with effect as of March 30, 2015.

(2) On August 6, 2015, Mr. McCandlish resigned from the Audit Committee and Mr. Bousfield was appointed.

Board Mandate

The Board of Directors does not have a written mandate. However, the fundamental responsibility of the Board of Directors is to supervise the management of the Company's business and affairs with a view to sustainable value creation for all shareholders. Avnel's Board of Directors promotes fair reporting, including financial reporting, to shareholders and other interested persons as well as ethical and legal corporate conduct through an appropriate system of governance, internal controls and disclosure controls.

The Board of Directors is also responsible for identifying and assessing areas of significant risk, and for ensuring that there are sufficient policies and procedures in place to manage these risks.

Other Board Memberships

The directors listed below currently serve as directors on the boards of directors of other public companies:

Director	**Public Company Board Membership**
John Kearney	Anglesey Mining plc (LSE) Canadian Zinc Corporation (TSX) Conquest Resources Limited (TSXV) Minco plc (AIM) Labrador Iron Mines Holding Limited Xtierra Inc. (TSXV)
Howard B. Miller	Anglesey Mining plc (LSE)
Andrew King	Rame Energy plc (AIM)
Jonas U. Rydell	Public Service Properties Investments Limited (AIM)

Position Descriptions

The Board of Directors has not developed written position descriptions for the Chairman, the chairs of the various committee functions of the Committee or the Chief Executive Officer.

The Board of Directors has vested the Chief Executive Officer with overall stewardship of pursuing the overall strategic and business objectives of the Company as formulated by the Board of Directors.

The Board of Directors has vested the Chairman with the responsibility to ensure the participation of all Board members, independent and not independent, in the proceedings of the Board of Directors and to promote the exercise by directors of their unfettered judgement. The Chairman also exercises supervisory functions in addition to formulating financial and corporate strategies by the Board of Directors.

The Board of Directors assumes responsibility for the stewardship of the Company, acting as a whole or through the Committee. Management is responsible for developing corporate strategies and making recommendations as to the implementation thereof. The Board is responsible for reviewing and approving such strategies on a regular basis and for monitoring management's success at implementing those strategies. The Board of Directors requires management to provide complete and accurate information with respect to the Company's activities and to provide relevant information concerning the industry in which the Company operates in order to identify and manage business risks. The Board of Directors evaluates and monitors members of senior management and deals with succession planning.

Orientation and Continuing Education

While no formal orientation and continuing education program is in place, when new members of the Board are appointed, such individuals meet with management and other members of the Board of Directors to familiarise themselves with the business of the Company and their responsibilities as members of the Board of Directors. In addition, new directors receive copies of Board materials, corporate policies and procedures, and other information regarding the business and operations of the Company. Board members are expected to keep themselves current with industry trends and developments and are encouraged to communicate with management and, where applicable, auditors and technical consultants of the Company. Board members have access to legal counsel to the Company in the event of any questions or matters relating to the Board members' corporate and director responsibilities and to keep themselves current with changes in legislation. Board members have full access to the Company's records.

Ethical Business Conduct

The Board of Directors has not adopted a written ethical business code of conduct for the directors, officers and employees. However, the Board of Directors has adopted, to date, three codes to promote ethical business conduct by the officers, directors and employees:

- The Board of Directors has adopted an environmental good practice code and procured the adoption of that code by its operating subsidiary. In addition to environmental good practice, the code sets out the Company's objectives with regard to the health and safety of its employees, the role the Company plays in the community in which it operates and the promotion of fair labour practices.

- The Board of Directors has adopted a whistle blower policy with respect to financial and accounting issues to ensure all employees are provided with a process through which they may raise concerns in a confidential way without jeopardising their position or incurring other adverse consequences.

- The Board of Directors has also adopted an Insider Trading Policy.

The full Board of Directors and the Corporate Governance and Nominating Committee (as defined below) take steps to ensure that any directors or executive officers having an interest in any transaction with the Company fully disclose such interest and abstain from voting in respect of the transaction concerned. Whilst the Board of Directors permits the director or executive officer to participate in the discussion related to such transactions, it also ensures that an interested director or executive officer affords the remaining directors an opportunity to deliberate such a transaction without the interested director's or executive officer's presence.

Term Limits

The Company believes that imposing term limits on directors would be unduly restrictive and not in the best interests of the Company, and could become an arbitrary mechanism for removing directors which could result in valuable and experienced directors being forced to leave the Board solely because of length of service. Therefore, the Company has decided not to adopt specific term limits for the directors on its Board.

Corporate and Board Diversity

Diversity is an important part of the Company's culture and its operations. Consequently, the Company seeks to recruit and invest in the best available talent and it is committed to increasing the representation of women throughout its workforce. However, the Company has not adopted a written policy relating to the identification and nomination of women directors or regarding the number of women in executive positions because it does not believe that a written policy is the best way to achieve the Company's diversity or business objectives.

Furthermore, on appointing individuals to the Board and executive officer positions, the Company considers a number of factors, including the skills and experience required for the position and the personal attributes of the candidates. The level of representation of women in senior leadership roles is considered by the Company as one such factor.

The Company recognises the value of individuals with diverse attributes on the Board and in executive officer positions, and is committed to the desirability that there is representation of women on the Board and in executive officer positions. However, the Company has not established a target regarding the number of women on the Board or in executive officer positions, as the Company has determined that a target would not be the most effective way of achieving the Company's diversity or business objectives. There are currently no women on the Board or in executive officer positions (as such term is defined in the Canadian Securities Administrators guidelines for effective corporate governance).

The Board was strengthened on March 30, 2015 by the appointment of two highly qualified directors. As part of the Board re-organisation process two women candidates were identified as having the necessary skills to strengthen the Board. Unfortunately, neither of these candidates was able to commit to the Board due to other professional commitments.

The Company will continue to identify highly skilled professional people to further strengthen the Board.

Committees of the Board of Directors

Composition of the Sole Board Committee

The sole committee of the Board of Directors (the "**Committee**"), is composed of Messrs. John Kearney, Andrew King, Keith McCandlish and Anthony Bousfield, all of whom are unrelated, independent directors of the Company (as determined based upon the meaning of "independent" pursuant to National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("**NI 58-101**"). The Committee performs the functions of an Audit Committee, a Compensation Committee, (as well as the functions of, a Corporate Governance and Nominating Committee, and a Reserves, Resources and Environmental Committee).

The Committee, in its different functions, meets regularly (on a quarterly basis) in the absence of the remaining members of the Board of Directors and calls upon executive directors from time to time to provide information, comments and recommendations as may be required by the Committee.

The Committee, which performs the functions of an Audit Committee, a Corporate Governance and Nominating Committee, a Compensation Committee and a Reserves, Resources and Environmental Committee, is composed of Messrs. John Kearney, Andrew King, Keith McCandlish and Anthony Bousfield, all of whom are unrelated, independent directors of the Company (as determined based upon the meaning of "independence" pursuant to NI 58-

101). On March 30, 2015, Derek Kyle and Ibrahim Kantao resigned from the Committee and were replaced by Andrew King and Keith McCandlish. On August 6, 2015, Keith McCandlish resigned from the Audit Committee and was replaced by Anthony Bousfield.

Audit Committee

John Kearney is the chairman of the Committee in respect of its Audit Committee function (the "**Audit Committee**"). The responsibilities and operation of the Audit Committee are set out in the Company's Audit Committee Charter, the text of which is included as Schedule "A" to the Company's AIF, a copy of which is available on SEDAR at www.sedar.com. For details on the qualifications of the Audit Committee members please refer to the section entitled "Audit Committee – Relevant Education and Experience" in the AIF. All members of the Audit Committee are "financially literate" and "independent" for purposes of National Instrument 52-110 – *Audit Committees* ("**NI 52-110**"). Mr. McCandlish resigned from the Audit Committee on August 6, 2015 and was replaced by Mr. Bousfield because NI 52-110 requires that all members of the Audit Committee must be independent. Mr. McCandlish is considered non-independent for the purposes of Section 1.5 of NI 52-110 due to a consulting agreement between the Company and DMT Geosciences, a company for whom Mr. McCandlish acts as the managing director. While Mr. McCandlish was on the Audit Committee, the Company relied on the exemption set forth in Section 3.5 of NI 52-110 allowing a company to appoint a non-independent director to the Audit Committee to fill a vacancy created by the resignation of another Audit Committee member.

Corporate Governance and Nominating Committee

The Committee in respect of its Corporate Governance and Nominating Committee function (the "**Corporate Governance and Nominating Committee**") makes recommendations for candidates for the Board of Directors. The responsibility for approving new nominees to the Board of Directors falls to the full Board of Directors. The Corporate Governance and Nominating Committee is responsible for developing the Company's approach to corporate governance issues. It also includes the development and implementation of corporate communications policies. Mr. John Kearney is the chairman of the Corporate Governance and Nominating Committee function, which is composed entirely of independent directors (as determined based upon the meaning of "independence" pursuant to NI 58-101).

The Corporate Governance and Nominating Committee is also mandated to plan for the succession of Avnel, including appointing, training and monitoring senior management to ensure that the Company's Board of Directors and management have appropriate skill and experience. The functions of the Corporate Governance and Nominating Committee also include administration of the Board's relationship with the management of Avnel, monitoring the quality and effectiveness of its corporate governance system and ensuring the effectiveness and integrity of communication and reporting to shareholders and the public generally.

Compensation Committee

The Board of Directors, through its Compensation Committee, annually reviews the adequacy and form of compensation of members of the Board. For information on the Compensation Committee and executive compensation, see "Compensation Discussion and Analysis and Director Compensation".

Reserves, Resources and Environmental Committee

The Committee, in its function as the Reserves, Resources and Environmental Committee (the "**Reserves, Resources and Environmental Committee**"), is responsible for assisting the Board of Directors in fulfilling its oversight responsibilities in relation to the estimation of mineral resources and reserves by management and the review of mineral reserve information before publication. In this role, the Reserves, Resources and Environmental Committee is also responsible for establishing and assessing the environmental and safety policies of the Company, overseeing compliance with applicable environmental and safety laws and guidelines, and developing and implementing all corporate policies in respect of environmental and safety issues. The Reserves, Resources and Environmental Committee was chaired by Derek Kyle until March 30, 2015 and was succeeded as Chairman by Mr. Keith McCandlish. To achieve this objective, Avnel:

- monitors its compliance with all relevant legislation;
- recognises environmental policy as a corporate priority;
- continually reviews all operational activities to ensure compliance; and
- seeks to continually improve its environmental performance.

Assessments

The Board of Directors continuously reviews, on an ongoing informal basis, the effectiveness of the Board of Directors as a whole and the effectiveness, contribution and performance of its committees and individual directors. Each year, when it determines the number of directors to be elected at the annual meeting of shareholders, the Board of Directors considers its appropriate size and composition to properly administer the affairs of the Company and effectively carry out the duties of the Board of Directors, given the Company's current status and stage of development.

ADDITIONAL INFORMATION

Additional information relating to the Company can be found on SEDAR at www.sedar.com. Financial information is provided in the Company's audited consolidated financial statements as at and for the financial year ended December 31, 2015 and management's discussion and analysis of such financial results, which accompanies this Circular and which have also been filed on SEDAR. Copies of these documents are also available upon request to the Company at:

Avnel Gold Mining Limited
11 New Street St Peter Port
Guernsey
GY1 2PF
Tel number: +44 (0) 1481 755860
Fax number: +44 (0) 1481 713369

SHAREHOLDER PROPOSALS

Persons entitled to vote at the 2017 annual meeting of the Company, and who wish to submit a proposal for consideration at that meeting, must submit their proposals to the Company by December 31, 2016.

DIRECTORS' APPROVAL

The contents of this Circular and the sending hereof to the shareholders of the Company have been approved by the directors of the Company.

Dated: April 18, 2016.

By Order of the Board of Directors

"H.B. Miller"

HOWARD B. MILLER