AVION GOLD CORPORATION

Management's Discussion & Analysis

for the three and nine months ended September 30, 2011 and September 30, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Three and Nine Months Ended September 30, 2011

GENERAL

This management's discussion and analysis ("MD&A") has been prepared based on information available to Avion Gold Corporation ("we", "our", "us", "Avion", or the "Company") as of November 14, 2011. This MD&A provides a detailed analysis of the Company's business and compares its financial results with those of the previous period and should be read in conjunction with the unaudited condensed interim consolidated financial statements and notes thereto for the three and nine months ended September 30, 2011. The condensed interim consolidated financial statements and related notes of Avion have been prepared in accordance with International Financial reporting standards ("IFRS"). Please refer to the Notes of the March 31, 2011 condensed interim consolidated financial statements for disclosure of the Company's significant accounting policies. The Company's functional and reporting currency is the United States dollar.

Additional information including press releases have been filed electronically through the System for Electronic Document Analysis and Retrieval ("SEDAR") and are available online under Avion's SEDAR profile at www.sedar.com.

Unless otherwise noted, this MD&A reports our activities through November 14, 2011.

INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

The Canadian Accounting Standards Board requires publicly accountable enterprises such as us to adopt IFRS for fiscal years beginning on or after January 1, 2011. Accordingly, the Company's consolidated interim financial statements for the nine months ending September 30, 2011 have been prepared in accordance with IFRS as published by the International Accounting Standards Board.

For each reporting period in 2011, we will also present comparative information for 2010, both for interim and annual consolidated financial statements, as applicable, on an IFRS basis. Our consolidated financial statements for the year ending December 31, 2011, will be our first annual financial statements that comply with IFRS. As this will be our first year of reporting under IFRS, First time Adoption of IFRS (IFRS 1) is applicable.

In accordance with IFRS 1, we have applied IFRS retrospectively as of January 1, 2010 (the Transition Date) for comparative purposes. In preparing our opening balance sheet in accordance with IFRS, we have adjusted amounts reported previously in our consolidated financial statements prepared in accordance with pre-conversion Generally Accepted Accounting Principle ("GAAP") (for detailed information, please see Changes in Accounting Policies).

For further information, please refer to both the Company's Condensed Interim Consolidated Financial Statements and Notes for the three and nine months ended September 30, 2011 as well as the three months ended March 31, 2011.

CAUTIONARY NOTES

Don Dudek, P.Geo. Avion's Senior VP Exploration, and Andrew Bradfield, P.Eng., Avion's Chief Operating Officer, are the Qualified Persons for this MD&A as defined under National Instrument 43-101 and are responsible for the technical and scientific work carried out and have reviewed and approved the scientific and technical information presented in this MD&A.

Except for statements of historical fact relating to Avion, certain information contained herein constitutes ''forward-looking information'' under Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to the development potential of the Company's properties; future mineral prices; the estimation of mineral reserves and mineral resources; conclusions of economic evaluations, the realization of mineral reserve and resource estimates; the timing and amount of estimated future production; costs of production; capital expenditures; success of exploration activities; permitting time lines and permitting, mining or processing issues; currency exchange rates; government regulation of mining operations; and environmental risks. Generally, forward looking information can be identified by the use of forward-looking terminology such as ‘‘plans’’, ‘‘expects’’ or ‘‘does not expect’’, ‘‘is expected’’, ‘‘budget’’, ‘‘scheduled’’, ‘‘estimates’’, ‘‘forecasts’’, ‘‘intends’’, ‘‘anticipates’’ or ‘‘does not anticipate’’, or ‘‘believes’’, or variations of such words and phrases or statements that certain actions, events or results ‘‘may’’, ‘‘could’’, ‘‘would’’, ‘‘might’’ or ‘‘will be taken’’, ‘‘occur’’ or ‘‘be achieved’’. Forward-looking information is based on the opinions and estimates of management as of the date such statements are made. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks related to: unexpected events and delays during permitting, construction, expansion and start-up; variations in mineral grade and recovery rates; delay or failure to receive government approvals; timing and availability of external financing on acceptable terms; actual results of current exploration activities; changes in project parameters as plans continue to be refined; future mineral prices; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry, as well as those factors discussed herein under the heading `Risks`. Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

OVERVIEW AND STRATEGIC DIRECTION OF THE COMPANY

Avion is a publicly – traded company on the Toronto Stock Exchange (TSX: AVR).
Avion is a Canadian-based gold mining company focused in West Africa that holds 80% of the Tabakoto and Ségala gold projects in Mali. Gold production commenced at these projects in 2009 with just over 206,700 ounces of gold produced to the end of the third quarter in 2011. In 2011, production is projected to be between 92,000 and 95,000 ounces of gold.

Avion continues to progress towards its medium term goal of 200,000 ounces of gold per year and a longer term goal of organic growth through development of its exploration properties. The Company is open pit mining at the Dioulafoundou, Tabakoto South and Ségala NW Deposits and developing underground mines at the Tabakoto and Ségala deposits.

Production sustainability has been supported and enhanced by an aggressive drill program over an approximately 600 km^2 exploration package that both surrounds and is near to the Company's existing mine infrastructure.

The current mineral resources estimate for the Tabakoto project demonstrates several sources of mineralization for open pit mining as well as good grade underground mineral resources thus providing significant flexibility for Avion's future mining plans. Additionally, the nearby 470 km^2 Kofi property in Mali and the 1,670 km^2 Houndé exploration property in Burkina Faso have returned promising results. These properties are the subject of an approximate US$ 16 million dollar, 75,000 metre, drill-focused, exploration program in 2011.

Q3-2011 HIGHLIGHTS

During the three-month period ended September 30, 2011, the following significant activities occurred:

- Avion produced 21,687 ounces of gold during the quarter after final refinery adjustments at a cash cost per ounce produced of approximately $806 (Please refer to non-IFRS measures below).

- Avion processed 227,900 tonnes of ore at an average grade of 3.12 g/t Au. Most of the ore processed was mined from the Dioulafoundou open pit, with other sources from the Tabakoto South open pit, Ségala NW open pit and Tabakoto underground development ore.

- The average mill recovery for the quarter was approximately 95.4%.

- Expansion plans continued at Tabakoto, consisting of the following activities:

    - Approximately 1,700 metres of underground development was completed at the Tabakoto deposit during the third quarter of 2011. Over 21,700 tonnes of development ore was mined from various zones within the deposit. Development remains on plan for commercial production in 2012.
    - Over 5,300 metres of underground development has been achieved at Tabakoto to date. Ore zones continue to be developed on multiple levels in preparation for production stoping in the first quarter of 2012.
    - Preparations to start underground development of the Ségala deposit were nearly completed in the third quarter of 2011. Advance of the main ramp decline has subsequently commenced in October 2011.
    - The Company continues on plan and budget for its plant expansion project to increase processing capacity from 2,000 tonnes per day to 4,000 tonnes per day. Construction remains on schedule to be completed in Q1 of 2012. The production forecast for 2012 is 160,000 ounces of gold. All of the plant equipment has been ordered and most of the major equipment items are due to arrive at the mine site in November. Detailed engineering is 85% complete. Civil and earthworks are approximately 75% complete. The SAG mill, gold room, gravity tower, CIL and leach tanks, electrical room, and stockpile foundations are completed. Mechanical and piping installations commenced in October 2011. Electrical and automation installations are due to begin in early November.

- On July 5, Avion announced an initial mineral reserve estimate of 913,100 ounces of gold that supports a 5 Year mine life at Tabakoto project.
- On August 2, Avion announced that the Djambaye II Zone returned high grade intercepts of 7.56 g/t Au over 7.0 Metres and 26.39 g/t Au over 3.0 metres.
- On August 4, Avion announced that it had intersected significant gold mineralization at Betea Zone, Kofi Property, Mali including 3.50 g/t Au over 57.0 Metres and 1.85 g/t Au over 48.0 metres.
- On August 11, Avion announced the results of additional holes at the Houndé Property that returned up to 2.91 g/t Au over 54.1 metres and 3.03g/t Au over 41.5 metres.
- On August 11, Avion also announced a $50 million dollar bought deal with public offering funds dedicated to mining and exploration projects.
- On October 3, Avion announced additional results for Betea Zone, Kofi Property, Mali Including 13.01 g/t Au over 7.0 metres and 3.46 g/t Au over 15.0 metres.
- On October 11, Avion announced high grade intercepts from the Kofi C zone, which include intercepts of 3.39 g/t Au over 77.4 metres,3.51 g/t Au over 53.7 metres and 2.68 g/t Au over 64.3 metres.

Revised Guidance

In the month of October 2011, mining at the Dioulafoundou open pit encountered a zone of lower grade ore that was over-estimated in the geologic model. The zone was in the transitional horizon, between the oxide and fresh ore boundaries. Ore mined from the zone also presented metallurgical issues, and the mill recovery decreased from 96% to 88%. As a result, the Company is now guiding production to be between 92,000 and 95,000 ounces of gold for 2011. The problematic zone has been mined out, and ore grades have come back in line with the geologic model. Mill recoveries have also increased to normal levels.

MINERAL PROPERTIES

Exploration Review

As of September 30, 2011, Avion had completed 398 core and reverse circulation drill holes totalling 62,117 metres of drilling, an airborne VTEM survey over the Kofi and Tabakoto properties, a ground IP gradiometer surveys over four areas on the Houndé Property, the collection of over 5,000 soil samples over the Houndé South concession and mapping and prospecting on the Kofi and Tabakoto properties. Drilling focused on the Vindaloo, Kari Pompe, Bouere and Grand Espoir zones on the Houndé property, the Djambaye II and Tabakoto NW zones on the Tabakoto Project and the Kofi C, A Linear and Betea zones on the Kofi Project.

Tabakoto Project - Tabakoto, Ségala and Kenieba Properties, Mali

The Company acquired an 80% interest in the Tabakoto and Ségala Properties of the Tabakoto Project in Mali, West Africa in May 2008. The remaining 20% interest is owned by the Government of Mali. This interest was subject to a 3% net smelter return royalty ("NSR"), of which 1% was payable to the vendor and 2% was payable to a third party as a finder's fee. During 2009, the Company bought out the third party 2% royalty with a cash payment of $1,000,000 and the issuance of 3,500,000 common shares and 1,000,000 warrants, exercisable into common shares of the Company at a price of $0.60. The Company bought out the remaining 1% NSR for $2,000,000 during Q4-2010. As well, the Mali Projects are subject to a 6% NSR payable to the Government of Mali.

The Government of Mali owns a 20% carried interest in the Tabakoto Project. The Company is required to fund 100% of all expenditures related to the exploration and development of these properties and holds preferential rights to recover all funding plus interest from future cash flows prior to the Government of Mali receiving dividends.

Avion acquired the contiguous Kenieba property in early 2010.

As of September 30, 2011, Avion had completed 139 core and reverse circulation holes totaling 15,925 metres, an airborne VTEM and magnetic survey, local geological mapping, soil sampling and trenching. Limited amount of exploration was carried out on the Tabakoto Project in Q3. In September, two core drills re-commenced exploration with holes testing the west end of the Segala Main zone. At month end seven new holes were completed.

This drill program was focused on five areas as follows in order of amount relative amount of drilling completed:

- Djambaye II
- Tabakoto Deposit NW zones
- Tabakoto South and Dabo zones
- Segala Main
- Tabakoto NE zones

The goal of the drill program in Q1, 2011 and Q2, 2011 was to carry out enough in-fill drilling to convert Inferred resources to Measured and Indicated mineral resources in advance of Avion's maiden reserve estimate reported in early Q3, 2011. The goal of the current Tabakoto project drill program will be to increase overall mineral resources at Segala Main and Tabakoto South mineral and to convert Inferred mineral resources to Measured and Indicated mineral resources at Tabakoto South, Tabakoto NE1, Tabakoto NE2 and Djambaye II zones.

Kenieba Property - Djambaye II zone

The Kenieba Property lies adjacent to the south and southwestern boundary of Avion's Tabakoto Property approximately 6.5 kilometres southwest of the Tabakoto Mine and hosts the Djambaye II deposit (Indicated mineral resources of 91,500 ounces of gold, in 754,000 tonnes grading 3.77 grams per tonne gold and Inferred mineral resources of 273,900 ounces in 2,545,000 tonnes grading 3.35 grams of gold per tonne – see Avion's news release, May 3, 2011).

In the first half of 2011, Avion completed 105 holes totalling 8,884 metres over the Djambaye II zone of which 46 shallow reverse circulation holes totaling 3,554 metres of drilling supported an updated mineral resource statement that was released on May 3, 2011. This resource statement was then used to develop an open pit mining probable reserve estimate of 707,000 tonnes grading 3.65 g/t Au for a total of 83,100 ounces of gold.

In August, Avion released the results of the remaining Djambaye II zone holes that were completed in the first half of 2011. An additional 72 drill holes totaling approximately 6,467 metres were completed over a 3.2 kilometre section of the Djambaye II zone. Drilling continued to test the Djambaye II zone both along strike and to a maximum depth of 100 metres. The Djambaye II zone remains open along strike and to depth. A summary of significant results were as follows:

- 7.56 g/t Au over 7.0 metres
- 7.45 g/t Au over 5.0 metres
- 13.92 g/t Au over 2.0 metres
- 4.96 g/t Au over 5.0 metres
- 10.69 g/t Au over 3.0 metres
- 5.76 g/t Au over 5.0 metres
- 83.96 g/t Au over 1.0 metre
- 6.47 g/t Au over 5.0 metres
- 26.39 g/t Au over 3.0 metres
- 6.11 g/t Au over 8.0 metres

A review of the open pit reserve model indicates that it is likely that the pit limitations are due more to a lack of drilling versus any current limits to the gold-bearing system. A program of 200 drill holes totalling 20,000 metres of drilling was recommended to enhance the mineral resources that could be available by open pit and increase the confidence level of the current underground mineral resources. This in-fill, and zone extension program, commenced in October 2011.

The Djambaye II mineralized zone has been traced for approximately 2,500 metres along strike and is still open to the north, south and to depth. Infill drill holes were emplaced every 25 metres along a 600 metre portion of the northern part of the zone and were targeted at the 25 metre depth in order to define an initial, potentially near surface, mineable zone. Additional in-fill holes were drilled at the 37.5 and 50 metre vertical depths in the same area. The drill holes were designed to intersect the Djambaye II and Djambaye II West zones, which are 30 to 60 metres apart. Additional mineralization also intersected cross structures which are not modelled at this time as more information is required to do so.

Tabakoto NW, Tabakoto NE, Tabakoto South and Dabo zone 2011 drilling

During the first four months of 2011, Avion completed 15 core holes totaling 3,651 metres and ten reverse circulation holes totaling 1,571 metres to test the continuity of the mineralized cross-structures below and proximal to the Tabakoto pit. Reference to some of this drilling was made on May 2, 2011 when Avion announced an updated mineral resource estimate for the Tabakoto Deposit NW zones, which used assay data from core holes T-11-01 to T-11-10. These holes have better-defined the gold-bearing northwest trending cross-structures and allowed Avion to upgrade significant additional underground Measured and Indicated mineral resources of 81,200 ounces of gold for the Tabakoto NW zones (see Avion news release dated May 3, 2011).

Underground development at the Tabakoto Deposit, of the principal ore zones, namely the NE1, NE2, Tabakoto South, NW1 and NW2 mineralized structures demonstrated both expected tonnes and grades. Additional gold-bearing zones were recognized at the north end of the Tabakoto deposit with northeast, northerly and easterly trending zones. In addition to the northwest trending zones being developed, gold-bearing zones were observed. Detailed mapping and follow-up drilling is being carried out to determine if any of these new zones can be added to the current mine plan.

In Q4 2011, Avion is planning to drill test the NE1 and NE2 cross structures with an underground drill and the Tabakoto South zone as well as zones north of the Tabakoto pit with a surface drill. The short term goal is to increase the mineral reserves at Tabakoto from the current 1.739 million tonnes grading 4.65 g/t Au totalling 260,195 ounces by about 100,000 ounces to account for mining drawdown in 2012. The longer term goal is to increase underground mineral reserves at Tabakoto to 500,000 ounces.

Kofi Property, Mali

The Kofi property contains nine mineralized zones with identified mineral resources. All of the estimated mineral resources lie in the Kofi Nord concession of which Avion's initial interest was 81.25% with 12.5% held by African Mining Selection Corporation and 6.25% held by Société Financière d'Exploration d'Or au Mali. On June 16th Avion announced the closing of a deal to acquire African Mining Selection Corporation's 12.5% interest for total consideration of CDN $65,000 in cash and 200,000 common shares of Avion. These interests are prior to a 10% or 20% interest due to the Mali government upon commencement of production. Therefore, Indicated mineral resources of 274,700 ounces and Inferred mineral resources of 345,000 ounces can now be credited to Avion based on the closing of the acquisition. Total estimated Indicated mineral resources are approximately 3.24 million tonnes grading 2.55 g/t Au totaling 293,000 ounces Au (Roberts, 2008 43-101 compliant report[1]). In addition, the Kofi property hosts total Inferred mineral resources of approximately 5.26 million tonnes grading 2.18 g/t Au totaling 368,000 ounces (December 11, 2007 AXMIN news release, Roberts, 2008 43-101 compliant report[1]). Most of the zones are open along strike and to depth with zones only tested from 60 to 150 metres below surface. All of the zones are within 15 to 38 kilometers of Tabakoto's mine infrastructure, potentially placing these zones, including the estimated mineral resources, within trucking distance to Tabakoto.

The Kofi property is a large, 470 km^2 (after renewals) property package situated, at its nearest point, within approximately 5 kilometres to the northwest of Avion's Tabakoto Project. The Kofi property wraps around the north side of Randgold's Loulo Mine concessions (Historic Measured and Indicated resources of 62.69 million tonnes grading 4.55 g/t Au[1]). Four of the nine known mineralized zones on the Kofi property are located along two linear mineralization trends that are defined by the alignment of deposits within the nearby Randgold Property.

In Q1 2011, Avion completed an Airborne VTEM and magnetic survey over the Kofi property, continued data compilation and developed a follow-up drill program over the Kofi C zone, Kofi C West zone, Betea zones, Kofi B zone and A Linear zone. The airborne survey was successful in tracing the approximately 5 kilometre wide Loulo structural corridor northward into the Kofi property with the eastern limb of the structure extending to the northern limit of the concessions, a distance of over 20 kilometres and the western limb of the corridor extending for about 7 kilometres into the Kofi concession. This structural corridor hosts in excess of 17,000,000 ounces on the adjacent Randgold property and has only been partially tested, in the southern approximate 5 kilometres of the eastern limb of the corridor, on the Kofi property.

In Q2 2011, Avion completed 28 drill core and reverse circulation drill holes totalling 6,279 metres, geological mapping and prospecting in the A Linear area, drill target development and continued data compilation. In detail, to the end of 2011, 19 holes totalling 3,731 metres was completed in the Kofi C zone area, 10 holes totalling 1,589 metres was completed over the Betea Central zone and 9 holes totalling 1,190 metres was completed in the A Linear area. Drill data intercepts will be released when a sufficient amount of assay data has been received.

In Q3 2011, Avion completed an additional 77 drill holes totalling 11,381 metres. This work focussed on the Betea zone and the Kofi C zones.

Avion announced that it had closed the acquisition of the Kofi Nord, Kofi Dabora, Walia (ACGRI) and Dianissi Concessions, which form part of the Kofi Property, from AXMIN on December 29, 2010. In consideration for 100% of AXMIN's interest in these concessions, Avion has paid $162,500 and issued 1,462,500 common shares representing 50% of the consideration due to AXMIN. The remaining 50% will be paid in two equal tranches on December 24, 2011 and June 24, 2012. In March 2011, the Company closed its acquisition of the Walia Saakola concession as well as the Walia West Concession which form part of the Kofi Property from AXMIN Inc. In consideration for 100% of AXMIN's interest in the Walia Sakkola and Walia West concessions, Avion has paid AXMIN CDN $12,500 ($6,434) and 112,500 shares have been issued, representing 50% of the consideration due to AXMIN in relation to these concessions. The remaining 50% will be paid in three equal tranches on March 11 2012 and September 11, 2012.

In consideration for 100% of AXMIN's interest in the Kofi Property, Avion shall pay an aggregate amount of CDN $500,000 and issue up to 4,500,000 shares of Avion to AXMIN, of which CDN $175,000 and 1,575,000 shares have been issued and future payments and share issuances have been accrued. This represents 50% of the consideration due to AXMIN in relation to Kofi Nord, Kofi Dobora, Walia (ACGRI), Dianissi concessions, Walia Saakola and Walia West. The remaining 50% of the consideration, for these four concessions, is to be paid in two equal tranches on, December 24, 2011 and June 24, 2012 for Kofi Nord, Kofi Dobora, Walia (ACGRI), Dianissi concessions and on March 11, 2012 and September 11, 2012 for Walia Saakola and Walia West . The closing of the remaining five concessions will take place once the concessions are transferred to Avion's Malian subsidiary.

Due Date	Cash (CDN$)	No. of Shares	Value of shares (CDN$)	Value of shares (USD$)
Re: Kofi Nord, Kofi Dabara, Walia (ACGRI) and Dianissi concessions				
December 24, 2010 (closing, paid and issued)	$81,250	731,250	$1,294,313	$1,274,569
March 24, 2011 (paid and issued)	$81,250	731,250	$1,294,313	$1,274,569
December 24, 2011	$81,250	731,250	$1,294,313	$1,274,569
June 24, 2012	$81,250	731,250	$1,294,313	$1,274,570
Re: Walia Saakola and Walia West concessions				
March 11, 2011 (closing, paid and issued)	$6,250	56,250	$80,438	$80,915
September 11, 2011 (paid and issued)	$6,250	56,250	$80,438	$80,915
March 11, 2012	$6,250	56,250	$80,438	$80,915
September 11, 2012	$6,250	56,250	$80,438	$80,915
COMMITMENT TO ISSUE SHARES				$2,710,969

On June 16, 2011, Avion announced the closing of the deal to acquire a further 12.5% of the Kofi Nord concession, which hosts all of the known resources on the Kofi Property. This interest was acquired from African Goldfields Corporation ("AGC") and included interests in the Kofi Nord and Netekoto-Kenieti concessions forming part of the Kofi Gold Project ("Kofi") in Mali for total consideration of CDN $65,000 in cash and 200,000 common shares of Avion. As a result of this acquisition, Avion's interest in the Kofi Nord and Netekoto-Kenieti concessions has increased from 81.25% and 87.5% to 93.75% and 100% respectively, with the remaining 6.25% of Kofi Nord held by Société Financière d'Exploration d'Or au Mali.

On August 4, 2011, Avion announced the results from ten reverse circulation drill holes totalling approximately 1,589 metres completed over a 500 metre strike of the Betea Central zone's interpreted strike length of approximately 1,000 metres.

The Betea Central zone contains an historic National Instrument 43-101 compliant estimated indicated mineral resource of 1,154,000 tonnes grading 2.30 g/t Au totaling 111,000 ounces and an inferred mineral resource 981,000 tonnes grading 1.60 g/t Au totaling 52,000 ounces (Roberts, 2008[1]). Note that a qualified person has not carried out the work required to classify the historical estimate as current mineral resources or mineral reserves for Avion and therefore Avion is not treating the historical estimate as current mineral resources or mineral reserves.

Significant new results include the following:

- 2.99 g/t Au over 40.0 metres
- 1.85 g/t Au over 48.0 metres
- 3.50 g/t Au over 57.0 metres
- 2.16 g/t Au over 12.0 metres
- 2.49 g/t Au over 14.0 metres
- 2.70 g/t Au over 6.0 metres
- 9.25 g/t Au over 4.0 metres
- 30.64 g/t Au over 2.0 metres

The Kofi C zone lies within a north-northeast trending corridor of deposits, approximately 30 kilometres long and 5 kilometres wide where at least nineteen deposits and zones have been discovered, fifteen of which are on the adjacent Randgold property. A clear break, defined by the magnetic and conductivity data, suggests that this trend continues onto the Kofi property for at least 19 kilometres.

Avion's 2011 drill program is testing a number of model-driven-conceptual, mineralization step-out and verification targets in the Kofi zone area. This program has succeeded by extending known zones, verifying mineralization and grades within the historically defined zones, and in the discovery of new mineralized zones.

The Kofi C zone has been traced for about 350 metres along strike and to approximately 180 metres depth, with the bulk of the reported resources located within 100 metres from surface. The gold mineralization is predominantly hosted by an altered package of greywackes, calcareous siltstones, silty limestone and argillites. In detail, gold grades are returned from carbonate-, silica-, sulphide- (pyrite, arsenopyrite and pyrrhotite) and sericite-altered syn-genetic polymicitic breccias to carbonate-dominant, secondary, sedimentary breccias. Tourmaline- and talc-altered greywackes occur proximal to the mineralization but are not mineralized.

The Kofi C West zone intercept lies approximately 100 metres west of the Kofi C zone and at approximately 100 metres depth. This target area, if it has the same orientation as the nearby Kofi C zone (flat plunging) in management's opinon, has the potential to host a mineral resource of in excess 1 million ounces. Drilling is being carried out to determine if this potential can be realized.

[1]Avion has reviewed Dr. Roberts 2008 report titled 'Mineral Resource Estimation for the Kofi Project, Mali. This report, as stated, was prepared as per NI 43-101 and Canadian Institute of Mining, Metallurgy and Petroleum (CIM) guidelines. Accepted methodology includes construction of a section set near-perpendicular to the zone trend, the calculation of composites using a statistical Au top-cut, the construction of wire frames using a 0.5 g/t Au cut-off grade, modeling of the saprolite, transition and fresh rock contacts, the collection of a satisfactory amount of specific gravity data and then block modeling the zone using ordinary Kriging with a 1 g/t Au cut-off grade. The distinction between indicated and inferred mineral resources was determined statistically by the available data. Avion accepts this methodology and has completed drilling over both the Betea Central and Kofi C zones that generally confirms the location, the shape and grades of the mineralized zones at the Betea Central zone. However, at this point it is too early to comment on the accuracy of the resource study completed by Roberts so the reader must be cautioned that the stated indicated and inferred mineral resources are only for overall reference and still need to be validated and re-stated by Avion. Stated simply, a qualified person has not done sufficient work to classify the historical estimate as current mineral resources or mineral reserve and Avion is not treating the historical estimate as current mineral resources or mineral reserves.

Houndé Property, Burkina Faso

To the end of Q3 2011, Avion completed 154 core and reverse circulation holes totalling 27,532 metres on and near the Vindaloo, Kari Pomp, Bouéré and Grand Espoir zones. This drilling has traced the Vindaloo alteration zone for at least 3,600 metres with potential to expand the zone for up to 3,750 metres along strike if continuity between wide spaced gold-bearing intercepts can be demonstrated (see Avion's news release dated June 9, 2011). In addition, IP gradiometer surveys were completed over the Vindaloo, Kari Pompe, Bouéré and Grand Espoir areas. The IP survey resistivity and chargeability data correlates very well with known mineralization and highlights additional areas that require drill testing. A significant amount of drill sample assay data was outstanding at the end of Q3 2011. Soil sampling was carried out over two areas in the Southern Houndé concession block with 5,058 samples collected. The geochemical data is outstanding.

Additional IP surveys are planned at the northern and southern ends of the Vindaloo zone (approximately 225 line kilometres of IP at 200 metre line spacing) and along the mineralized trends on the Southern Houndé concession blocks (two grids, extending for 17 kilometres along the projected strike of the gold-bearing structure).

Avion acquired the Houndé property in Burkina Faso from Avocet Mining PLC (see Avion's news releases dated July 5, 2010 and October 7, 2010).

This very large, approximately 1,670 km^2 property, lies within an emerging gold camp and is 60 kilometres southwest of SEMAFO's Mana Mine (which hosts estimated reserves totaling 2,159,700 million ounces of gold, Measured and Indicated mineral resources of 1,126,000 ounces of gold and Inferred mineral resources totaling 2,678,000 million ounces of gold). The property is centred approximately 250 km southwest of Ouagadougou, the capital of Burkina Faso.

On October 26, 2010, Avion announced an initial resource for the Vindaloo Zone on the Houndé property of 883,000 tonnes Indicated mineral resources at 2.23 g/t Au totaling 63,000 ounces of gold and 5,725,000 tonnes Inferred mineral resources at 2.97 g/t Au totaling 547,000 ounces of gold. This zone lies along a well developed ductile deformation zone which is clearly evident in both resistivity and magnetic geophysical data. The zone is open to depth and along strike.

The Vindaloo zone is hosted by intensely sericite-, epidote- and silica-altered mafic intrusions and similarly-altered, intensely sheared and altered intermediate volcanoclastics. The mineralization is often quartz stockwork-style, intrusion-hosted and weakly to moderately pyritic. The entire mineralized package strikes north-northeast and dips steeply to the west to vertical.

There is also evidence of cross-cutting zones of mineralization near the Vindaloo zone where previous drilling returned intercepts of 2.39 g/t Au over 38.0 metres and 1.20 g/t Au over 34.0 metres.

Additional parallel zones of mineralization are evident both to the east and west of the Vindaloo zone. It is likely that these zones will be further evaluated in the future. A summary of these additional intercepts are as follows:

- Vindaloo West zone (VWZ) – approximately 100 metres to the west
    - 6.96 g/t Au over 3.0 metres
    - 2.96 g/t Au over 8.0 metres
    - 1.60 g/t Au over 13.0 metres
    - 3.86 g/t Au over 14.0 metres
    - 2.18 g/t Au over 8.0 metres

- Vin East Zone (now named Koho zone) – approximately 300 metres to the East
    - 1.34 g/t Au over 7.0 metres
    - 8.7 g/t Au over 1.0 metres
    - 1.21 g/t Au over 6.0 metres
    - 1.82 g/t Au over 4.0 metres
    - 27.2 g/t Au over 2.0 metres
    - 2.19 g/t Au over 5.0 metres
    - 400 metre long untested artisanal trend at south end

The Koho can be traced for approximately 3,500 metres along strike based on drill data and artisanal workings.

On August 11, 2011, Avion released the results from the 9 core and 22 reverse circulation drill holes completed over the Vindaloo zone area. Also, at this time Avion announced that the Vindaloo zone could be traced for approximately 3,700 metres along strike. A summary of the drill assay results are as follows:

- 2.91 g/t Au over 54.1 metres at Vindaloo zone extension;
- 1.57 g/t Au over 30.7 meters at Vindaloo zone extension;
- 3.03 g/t Au over 41.5 metres at Vindaloo zone;
- 0.43 g/t Au over 58.0 metres at Koho zone;
- 1.30 g/t Au over 14.0 metres at Vindaloo zone northern extent;
- 1.60 g/t Au over 17.0 metres at Madras NW zone.

Vindaloo Zone

Drilling to the north of the Vindaloo zone resource model, which ends at section 50200 N, has intersected significant gold mineralization in holes drilled 350 metres and 800 metres north of section 50200N. Hole H-11-38, located on section 50550N, intersected 1.57 g/t Au over 30.7 metres and hole H-11-38, located on section 51000N, intersected 2.91 g/t Au over 54.1 metres. Both holes intersected thick zones of quartz-pyrite stockwork mineralized gabbro intrusion with much higher gold values and greater widths than nearer surface holes that intersected less well mineralized mafic volcanics. Drilling to date has shown that the host gabbro intrusion varies in width both along strike and to depth.

Further gold mineralization was intersected at the interpreted northern end of the Vindaloo system in hole RH11-65 which returned 1.3 g/t Au over 14.0 metres. This hole was drilled because the previous hole, RH11-25, which returned 1.86 g/t Au over 17.0 metres, was stopped in mineralization due to technical reasons. Therefore, the intercept in hole RH11-65 demonstrates the presence of a wider zone of gold mineralization than noted previously.

The Vindaloo zone was also extended for another 100 metres to the south with an intercept of 4.2 g/t Au over 2.9 metres in hole H-11-16. With this hole, it appears that the Vindaloo mineralized system can tentatively be traced for approximately 3.7 kilometres along strike and remains open in all directions.

Infill drilling of the Vindaloo zone returned an intercept of 3.03 g/t Au over 41.5 metres near the northern end of the deposit. Infill drilling completed to date has intersected the Vindaloo zone where expected. Assay results are pending for most of the in-fill holes.

Madras and Madras NW zones

Additional gold mineralization has been intersected at both the Madras and Madras NW zones with intercepts of 1.26 g/t Au over 31.9 metres in hole H-11-07 and 1.60 g/t Au over 17.0 metres in hole RH11-29. Both the Madras and Madras NW zones are open along strike. More drilling will be required to determine the extent of these two northern zones, which extend north off of the geophysical survey area.

Koho Zone

A hole, drilled into the Koho zone, located 300 meters east of the Vindaloo zone, has returned another wide intercept of low grade gold mineralization with an intercept of 0.43 g/t Au over 58.0 metres in hole RH11-35. Other previous 2011 holes into this zone include 0.46 g/t Au over 111.0 metres and 0.48 g/t Au over 21.0 metres. While the gold grades intersected to date are relatively low, management believes that the presence of such a large gold-bearing system, so close to the Vindaloo zone is encouraging. Drill, soil and geophysical data suggest that this trend can be traced for approximately 3.5 kilometres.

Bouéré Zone

Avion is excited about a new zone of gold mineralization that it discovered at the Bouére artisanal site, which is located approximately 14 kilometres northwest of the Vindaloo Zone. Hole H-10-41 tested a wide zone of artisanal workings and intersected 3.84 g/t over 47.6 metres. A nearby hole, H-10-42, which tested a separate artisanal trend and followed up on a historic intercept of 5.97 g/t Au over 10.0 metres, returned 6.24 g/t Au over 10.5 metres. These two holes are approximately 150 metres apart. Four additional drill holes were completed over this area after the completion of an IP geophysical survey. Quartz veined and altered and mineralized rock was intersected in all four holes. Assay results were pending at the end of Q3 2011.

Kueredougou Zone

In 2010, Avion tested the Kueredougou zone with five holes, one of which returned 21.13 g/t Au over 4.0 metres**.** This zone lies in the middle of the southern concession block. Historic drill intercepts from this zone returned highlight intercepts of 83.35 g/t Au over 4.0 metres and 9.24 g/t Au over 13.0 metres. Avion believes that the Keuredougou zone correlates extremely well with an open ended induced polarization (IP) chargeability geophysical anomaly that has been traced for approximately three kilometres along strike. Drilling has tested about a third of the geophysical anomaly. The IP survey has also identified at least six additional geophysical anomalies that require follow-up. The Keuredougou zone is hosted by a sheared, intensely sericite-, carbonate- and sulphide-altered mafic fragmental at the contact between massive mafic flows and more fragmental volcanic rocks.

Diosso South Zone

The Diosso South zone returned intercepts, from 2010 drilling, of up to 2.18 g/t Au over 8.5 metres . The Diosso South zone lies near the south central part of the southern block of the Houndé concessions. Previous drill holes intersected the Diosso South zone for 500 metres along strike to approximately 65 metres depth. Highlights of the six historic holes that intersected the Diosso south zone include 3.44 g/t Au over 14.0 metres and 2.72 g/t Au over 20.0 metres. The Diosso South zone is hosted by sericitized and quartz veined mafic volcanic rocks and appears to be part of the same shear zone system that hosts the Kueredougou zone.

Douhoun Zone

The Douhoun zone is located approximately 14.5 kilometres north-northwest of the Vindaloo zone. The Douhoun zone has been traced by drilling for 400 metres along strike and is open to the north, south and to depth. Previous drilling has returned intercepts to 4.86 g/t Au over 17 metres. Avion's drilling returned 2.63 g/t Au over 5.3 metres in hole H-10-39 and 7.80 g/t Au over 3.4 metres in hole H-10-40 at Douhoun Zone. The zone is a quartz vein/quartz breccia system hosted by a mixture of mafic volcanics and intrusions. The Douhoun zone is open along strike and to depth with clear evidence of parallel and cross-cutting zones of mineralization.

Grand Espoir Zone

The Grand Espoir zone lies approximately 16.8 kilometres northwest of the Vindaloo zone. Previous rotary air blast holes in the area returned up to 2.26 g/t Au over 12.0 metres. Avion completed four follow-up holes in this area with one hole returning a wide zone of gold mineralization with an intercept of 0.55 g/t Au over 33.7 metres. The Grand Espoir area is underlain by a mixture of felsic intrusion and mafic volcanic breccia. A 15 km long IP survey was completed over the Grand Espoir area; several anomalies require drill follow-up. In 2011 Avion drilled three holes in the Grand Espoir area prior to the drill being moved back to the Vindaloo area. No significant results were returned from these holes which tested new geophysical targets.

Current Mineral Resources

Tabakoto Project

During 2011, Avion is carrying out a US$ 5.5 million dollar, approximate 30,000 metre, exploration drill program over the Tabakoto Project area. To date, approximately 15,925 metres of drilling in 139 holes have been completed. The remaining program will focus on continuing to define the mineralized cross-structures north and south of the Tabakoto Pit, defining the underground potential of the Dioulafoundou zone, testing both the western and eastern strike extends fo the Ségala Main zone to depth, testing the Ségala NW zone to depth, tracing the Djambaye II zone along strike and to depth, in-fill drilling along the Djambaye II zone, testing for additional cross-structures near Dioulafoundou, trenching over the Dar Salam zone and to test structural and Au-in-soil targets on the remainder of the property.

At the Tabakoto Project, open pit mineral resources have been defined in six deposits: Dioulafoundou, Tabakoto South/Dabo, Djambaye II, Dar Salam and just north of the Tabakoto pit.

The majority of the underground mineral resources are currently defined below and near to the Ségala Main and Tabakoto pits. Avion will continue to work toward converting Inferred mineral resources to Measured and Indicated mineral resources with in-fill drill holes and will further test the Ségala Main and Tabakoto zones to depth. Additional underground mineral resources have been defined at Dioulafoundou, Djambaye II, Ségala NW and Dar Salam; more drilling is required in these four zones to define sufficient underground mineral resources to support underground mining.

In order to document the Tabakoto Project resources, Avion, with the assistance of Antoine Yassa, P.Geo. of P&E Mining Consultants Inc. (P&E), first interpreted the zones with a 0.5 g/t Au to 1 g/t Au grade shell to define open pit resources and then defined a 2.0 g/t Au grade shell to define underground resources. This zone definition was then provided to P&E who has carried out a site visit, collected verification samples, finalized the mineralization wire frames and updated the deposit mineral resources. The updated mineral resource capped gold assays at 15 to 50 g/t Au, depending on the individual zone. A 2.0 g/t Au cut-off grade was used to determine underground mineral resources, and for potentially open pittable resources, a 1.0 g/t Au cut-off grade was used.

A current mineral resource table is presented below. The table summarizes mineral resource estimates presented in press releases issued by Avion on December 30, 2010 and May 3, 2011. The mineral resource estimates are current as of January 1, 2011, with the exception of Tabakoto NW and Djambaye II which were updated on May 3, 2011.

Mineral Resource Estimates(1)(2)(3)(4)(5)(6)

ZONE	CATEGORY	TONNES	GRADE g/t Au	OUNCES GOLD	TYPE
Tabakoto NE Zones	Measured	26,900	5.28	4,600	UG
	Indicated	1,047,000	5.57	187,600	UG
	Inferred	496,000	5.19	82,900	UG
Tabakoto NW Zones	Measured	5,000	7.75	1,200	OP
	Indicated	102,000	4.48	14,800	OP
	Inferred	86,000	3.31	9,100	OP
	Measured	17,000	5.92	3,200	UG
	Indicated	627,000	5.81	117,100	UG
	Inferred	660,000	5.67	120,200	UG
Tabakoto South /Dabo Zones	Indicated	120,000	4.22	16,300	OP
	Inferred	194,000	4.83	30,100	OP
	Indicated	271,000	7.70	67,100	UG
	inferred	697,000	5.28	118,400	UG
Djambaye II	Indicated	751,000	3.78	91,300	OP
	Inferred	1,595,000	3.30	169,200	OP
	Indicated	3,000	2.52	200	UG
	Inferred	950,000	3.43	104,700	UG
Ségala Main	Measured	3,000	4.41	400	UG
	Indicated	2,548,000	5.29	433,000	UG
	Inferred	1,442,000	4.35	201,500	UG
Ségala NW	Measured	4,000	4.43	600	UG

	Indicated	885,000	3.61	98,200	UG
	Inferred	257,000	3.40	28,100	UG
Dioulafoundou	Indicated	598,000	4.99	95,900	OP
	Inferred	257,000	6.35	52,500	OP
	Indicated	49,000	4.64	7,300	UG
	Inferred	395,000	5.41	68,700	UG
Dar Salam	Indicated	266,000	2.57	22,000	OP
	Inferred	445,000	2.53	36,200	OP
	Indicated	45,000	3.37	4,800	UG
	Inferred	418,000	3.64	48,900	UG

(1) Mineral resource estimates based on a gold price of USD$1,000 per ounce and a 96% process plant recovery.

(2) Eugene Puritch, P.Eng. and Antoine Yassa, P.Geo. from P&E Mining Consultants Inc., Qualified Persons under NI 43-101 who are independent of the Company, are responsible for the mineral resource estimates presented herein.

(3) Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues.

(4) The quantity and grade of reported Inferred resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred resources as an Indicated or Measured mineral resource and it is uncertain if further exploration will result in upgrading them to an Indicated or Measured mineral resource category.

(5) The mineral resources in this press release were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council.

(6) "UG" indicates Underground and "OP" Open Pit.

During 2011, Avion continued to focus on delineating higher grade cross-structures in the Tabakoto pit area, defining additional open pit and underground mineral resources at Dioulafoundou, and better defining the near surface resources at the northern end of the Djambaye II zone. Avion's current mineral resources are concentrated above 300 metres vertical depth from surface with most zones open down plunge and to some extent along strike. Thus, management believes that the likelihood of adding additional resources in the future is high.

Open Pit Mineral Resources

At the Tabakoto Project, open pit resources have been defined in six deposits. The currently estimated open pit Measured and Indicated mineral resources include 1,842,000 tonnes grading 4.08 g/t Au containing 241,500 ounces of gold and open pit Inferred resources of 2,577,000 tonnes grading 3.59 g/t Au containing 297,100 ounces of gold. Open pits have been designed for the Dioulafoundou and Tabakoto South/Dabo zones using Whittle software. An open pit is being designed for the Djambaye II zone. Additional drilling and trenching will be carried out at the Dar Salam zone and north of the Tabakoto pit prior to designing open pits in these areas. More drilling is also required along the Djambaye II trend which has some large gaps between drill holes and is open to the north and south. Of particular interest are those areas where the gold mineralized Tabakoto cross structures would intersect the Djambaye II trend.

Dioulafoundou hosts open pit Indicated mineral resources estimated to be 598,000 tonnes grading 4.99 g/t comprising 95,900 ounces of gold and open pit Inferred mineral resources of 257,000 tonnes grading 6.35 g/t Au comprising 52,500 ounces of gold. The current mineral resource estimate represents a 76% increase in contained gold resources compared to the resource estimate presented in July 2010 (see Avion's news release dated July 14, 2010). Mining of the open pit commenced in October 2010. The Dioulafoundou open pit is expected to provide at least 50% of the ore feed to the Tabakoto Mill in 2011.

Underground Mineral Resources

Underground mineral resources are currently focused below and near to the Ségala Main and Tabakoto pits; initial underground development is planned in both of these areas. Avion will continue to work toward converting Inferred mineral resources to Measured and Indicated mineral resources with in-fill drill holes and will further test the Ségala Main and Tabakoto zones to depth. Additional underground resources have been defined at Dioulafoundou, Djambaye II and Dar Salam zones; more drilling is required in these three zones in order to define sufficient underground resources to support underground mining.

Kofi Project

Avion has acquired the Kofi Project which contains estimated Indicated mineral resources of approximately 3.6 million tonnes grading 2.5 g/t Au totaling 293,000 ounces Au (Roberts, 2008, 43-101 compliant report)[1]. In addition, the Kofi property hosts total Inferred mineral resources of approximately 5.26 million tonnes grading 2.2 g/t Au totaling 368,000 ounces (Dec. 11, 2007 Axmin news release, Roberts, 2008 43-101 compliant report[1]). Avion owns a 93.75% interest in the concessions (this is in respect to Kofi Nord) that host the above mineral resources prior to any carried government ownership, upon commencement of production. Field work commenced on this project in August, 2010. The concession that includes all of the historic resources has been transferred to an Avion controlled company in Mali. Avion intends to update the resources on the Kofi Project in Q4 2011. A summary of the project resources are listed below:

Zone	Tonnes(i)	g/t Au	Ounces	Comment
INDICATED RESOURCES				
C Zone	873,000	3.5	99,000	Tested to less than -100 m depth
B Zone	1,216,000	2.1	83,000	Tested to -140 m depth
Betea Central	1,154,000	2.3	111,000	Tested to -150 m depth
TOTAL	3,243,000	2.55	293,000	
INFERRED RESOURCES				
C Zone	913,000	3.7	109,000	Tested to less than -100 m depth
A zone	378,000	2.0	25,000	Tested to 150 m depth
A Zone Linear	675,000	1.7	36,000	Tested to -60 m depth
B Zone	160,000	1.7	9,000	Tested to -140 m depth
Blanaid	510,000	2.4	39,000	Tested to -85 m depth
Betea Central	981,000	1.6	52,000	Tested to -150 m depth
Betea North	473,000	1.6	25,000	Tested to -150 m depth
Betea South	1,169,000	2.0	74,000	Tested to -150 m depth
TOTAL	5,259,000	2.18	369,000	

(i) Mineral resources presented by AXMIN on December 11, 2007 and supported by a 43-101 compliant technical report by Roberts, 2008[1].

[1]Avion has reviewed Dr. Roberts 2008 report titled 'Mineral Resource Estimation for the Kofi Project, Mali. This report, as stated, was prepared as per NI 43-101 and Canadian Institute of Mining, Metallurgy and Petroleum (CIM) guidelines. Accepted methodology includes construction of a section set near-perpendicular to the zone trend, the calculation of composites using a statistical Au top-cut, the construction of wire frames using a 0.5 g/t Au cut-off grade, modeling of the saprolite, transition and fresh rock contacts, the collection of a satisfactory amount of specific gravity data and then block modeling the zone using ordinary Kriging with a 1 g/t Au cut-off grade. The distinction between indicated and inferred mineral resources was determined statistically by the available data. Avion accepts this methodology and has completed drilling over both the Betea Central and Kofi C zones that generally confirms the location, the shape and grades of the mineralized zones at the Betea Central zone. However, at this point it is too early to comment on the accuracy of the resource study completed by Roberts so the reader must be cautioned that the stated indicated and inferred mineral resources are only for overall reference and still need to be validated and re-stated by Avion. Stated simply, a qualified person has not done sufficient work to classify the historical estimate as current mineral resources or mineral reserve and Avion is not treating the historical estimate as current mineral resources or mineral reserves.

Houndé Project

Avion announced on October 26, 2010 an initial mineral resource estimate for the Vindaloo zone on the Houndé Property in Burkina Faso. Highlights of the Vindaloo initial resource estimate at a 1.0 g/t Au cut-off grade defined within an optimized pit shell are as follows: 883,000 tonnes Indicated mineral resources at 2.23 g/t Au totaling 63,000 ounces gold[i] and 5,725,000 tonnes Inferred mineral resources at 2.97 g/t Au totaling 547,000 ounces gold. Drilling has continued to extend the zone to the north and south beyond the limits of the above mineral resource estimate.

1. Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title,taxation, sociopolitical, marketing, or other relevant issues and are subject to the findings of a definitive feasibility study.
2. The quantity and grade of reported inferred resources in this estimation are uncertain in nature and there has been insufficient exploration to define these inferred resources as an indicated or measured mineral resource and it is uncertain if further exploration will result in upgrading them to an indicated or measured mineral resource category.
3. The Vindaloo Zone Resource Estimates were prepared by Eugene Puritch, P. Eng. and Antoine Yassa, P. Geo. from P&E Mining Consultants Inc., Qualified Persons under NI 43-101 who are independent of the Company
4. The mineral resources were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council December 11, 2005.
5. The gold price used in this estimate was the June 30, 2010 two year trailing average of US$1,027/oz. Au recovery was 92% and mining costs were US$2.75/tonne of ore and US$1.50/tonne of waste. Processing and general and administration costs combined were US$30/tonne. Pit optimization slopes were 50 degrees.

Avion plans to update the mineral resource estimate on the Houndé Property in Q4 2011 based on drilling carried out in late 2010 and in 2011.

Current Mineral Reserves

Tabakoto Project

On July 5, 2011, Avion announced its initial mineral reserve estimation for seven deposit groups and several ore stockpiles which comprise the Tabakoto Project in Mali, West Africa. Highlights of Avion's mineral reserves and mineral resources are as follows:

- **Tabakoto Project open pit and stockpiled Proven and Probable mineral reserves comprise 2,611,000 tonnes grading 2.90 g/t Au for 243,600 ounces of gold.**
- **Tabakoto Project underground Proven and Probable mineral reserves comprise 4,630,000 tonnes grading 4.50 g/t Au for 669,500 ounces of gold.**
- **Additional Measured and Indicated mineral resources comprise 1,359,000 tonnes at 3.41 g/t Au containing 149,100 ounces of gold.**
- **Additional Inferred mineral resources comprise 7,892,000 tonnes at 4.22 g/t Au containing 1,070,500 ounces of gold.**

The mineral reserve estimate (see tables below) for the Tabakoto Project demonstrates several sources of open pit and underground mineral reserves that provide significant flexibility for Avion's mining plans. The Company is currently transitioning from an open pit mining operation to primarily an underground mining operation with open pit mining to serve as contingency mill feed. The mineral reserve estimate is as of January 1, 2011.

Mineral Reserve Estimates(1)(2)(3)(4)

ZONE	CATEGORY	TONNES	GRADE g/t Au	OUNCES GOLD	TYPE
Tabakoto NE	Proven	22,000	4.19	3,000	UG
	Probable	940,000	4.41	133,100	UG
	Subtotal	**962,000**	**4.40**	**136,100**	**UG**
Tabakoto NW	Proven	10,000	6.64	2,100	UG
	Probable	535,000	4.55	78,300	UG
	Subtotal	**545,000**	**4.59**	**80,400**	**UG**
Tabakoto South/Dabo	Proven	0	0.00	0	UG
	Probable	232,000	5.84	43,600	UG
	Proven	65,000	4.31	9,000	OP
	Probable	64,000	3.52	7,300	OP
	Subtotal	**361,000**	**5.16**	**59,900**	**UG & OP**
Ségala Main	Proven	18,000	4.33	2,400	UG
	Probable	2,873,000	4.41	407,000	UG
	Subtotal	**2,891,000**	**4.40**	**409,400**	**UG**
Ségala NW	Proven	33,000	2.53	2,700	OP
	Probable	84,000	2.82	7,600	OP
	Subtotal	**117,000**	**2.74**	**10,300**	**OP**
Djambaye II	Proven	0	0.00	0	OP
	Probable	707,000	3.65	83,100	OP
	Subtotal	**707,000**	**3.66**	**83,100**	**OP**
Dioulafoundou	Proven	283,000	4.75	43,200	OP
	Probable	168,000	5.78	31,200	OP
	Subtotal	**451,000**	**5.13**	**74,400**	**OP**
STOCKPILES					
Ségala Main ROMPAD	Proven	158,000	3.59	18,300	SP
Ségala Main Low Grade	Proven	762,000	1.12	27,400	SP
Tabakoto Low Grade	Proven	287,000	1.50	13,800	SP
	Subtotal	**1,207,000**	**1.53**	**59,500**	**SP**
GRAND TOTAL		**7,241,000**	**3.92**	**913,100**	

Summary Of Mineral Reserve Estimates By Mine Type(1)(2)(3)

TYPE	CATEGORY	TONNES	GRADE g/t Au	OUNCES GOLD
Underground	Proven	50,000	4.67	7,500
	Probable	4,580,000	4.50	662,000
	Subtotal	**4,630,000**	**4.50**	**669,500**
Open Pit	Proven	381,000	4.48	54,900
	Probable	1,023,000	3.93	129,200
	Subtotal	**1,404,000**	**4.08**	**184,100**
Stockpile	Proven	1,207,000	1.53	59,500
	Probable	0	0.00	0
	Subtotal	**1,207,000**	**1.53**	**59,500**
GRAND TOTAL	Proven	1,638,000	2.31	121,900
	Probable	5,603,000	4.39	791,200
	Total	**7,241,000**	**3.92**	**913,100**

(1) The mineral reserves have been classified in accordance with requirements of NI 43-101 and the CIM standards. Reserve estimates are based on a gold price of USD$1,183 per ounce and a 94% process plant recovery.
(2) Andrew Bradfield, P.Eng. and Don Dudek, P.Geo. Sr. Officers of Avion and Qualified Persons, as such term is defined under NI 43-101, are responsible for the mineral reserve estimates and have reviewed and approved the scientific and technical information in this document relating to those estimates.
(3) The mineral reserves in this press release were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council.
(4) “UG” indicates Underground, “OP” Open Pit and “SP” Stockpile.

A National Instrument 43-101 (“NI 43-101”) compliant technical report to support the above mineral reserve estimate, titled “Technical Report On The Tabakoto Mining Operations Mali, West Africa” publicly disclosed on August 17, 2011 and is available under Corporation’s SEDAR profile.

Avion is currently planning to increase its gold production to a rate of 200,000 ounces per year. The mineral reserve estimate of 913,100 ounces of gold represents over five years of mine life based on Avion’s current projected production. In 2011, Avion has forecasted production of between 95,000 and 100,000 ounces of gold, increasing to approximately 160,000 ounces in 2012, with production thereafter planned at approximately 200,000 ounces of gold per annum.

Over the past two years, Avion focused on delineating higher grade cross-structures in the Tabakoto pit area, defining additional open pit and underground mineral resources at Dioulafoundou, and better defining the near surface resources at the northern end of the Djambaye II zone. Avion’s mineral reserves are concentrated above 300 metres vertical depth from surface, with all zones open down plunge and to some extent along strike. Management believes that the likelihood of adding additional mineral reserves in the future is high.

Avion’s mineral reserves comprise a mix of open pit and underground reserves. In management’s opinion, this combination of source material provides tremendous flexibility as the Company transitions from primarily an open pit mining operation to primarily an underground mining operation.

In combination with the mineral reserves, additional Measured and Indicated mineral resources of 1,359,000 tonnes at 3.41 g/t Au containing 149,100 ounces of gold and Inferred mineral resources of 7,892,000 tonnes at 4.22 g/t Au containing 1,070,500 ounces of gold have been defined in several deposits. These mineral resources have not yet been supported by open pit or underground mine plans, and require additional work to convert to mineral reserves and to upgrade the Inferred mineral resources to Measured and Indicated mineral resources. Avion management believes that there is a reasonable likelihood of upgrading a significant portion of these mineral resources to mineral reserves with further drilling and exploration work.

Technical Data

Tabakoto Deposit

The Tabakoto Deposit consists of 18 modeled northwest trending (NW Tabakoto zones) mineralized structures and 14 modeled northeast-trending zones (NE Tabakoto zones, Tabakoto South Zone and Dabo zone). Of these zones, seven of the best developed mineralized structures (NE1, NE2, NE hanging wall, NW1, NW2, Tabakoto South and Dabo) were drill tested to approximately 300 metres depth. All zones are open to depth. Additional, un-modeled, mineralized structures have been noted below the Tabakoto pit and north and south of the Tabakoto pit. Avion is currently advancing two mine portals under the Tabakoto pit with the northern portal targeting the northwest-trending zones and the southern portal targeting the northeast-trending zones. Modeling of these zones should be viewed as an iterative process in that as new information is received, the zone models are updated.

Dioulafoundou Deposit

The Dioulafoundou mineralized system consists of two stronger gold mineralized zones and several, smaller, parallel gold mineralized zones. The strongest of the zones, the Dioulafoundou NW1 zone, has been traced for approximately 400 metres along strike and to approximately 325 metres depth. A second, parallel, zone of gold mineralization, the Dioulafoundou NW2 zone, lies approximately 60 metres to the south and has been traced for approximately 190 metres along strike and to approximately 300 metres depth. Both zones are steeply dipping, steep east plunging and open down plunge and to a lesser extent, to the east. Since the bulk of the mineral resources below the open pit are in the Inferred category, drilling is planned to upgrade these resources to Measured and Indicated status to determine if sufficient underground mineral resources are present to support a third underground mine.

Ségala Deposit

The Ségala Deposit consists of the Ségala Main and Ségala NW zone, both of which have been subject to open pit mining in 2009 and 2010. The Ségala Main deposit has provided the bulk of the mill feed over Avion's first two production years. This zone has been traced for 350 to 400 metres along strike and remains open at depth on the Ségala Main Zone with intersections as deep as 600 metres below surface. Avion also believes there is a reasonable expectation that additional mineral resources can be defined between 300 metres to 600 metres below surface and below the 600 metre level. The Ségala NW zone has been traced for approximately 550 metres along strike and is open below approximately 220 metres depth. Drilling to further develop the depth potential will be carried out prior to defining mineral reserves.

Djambaye II Deposit

The Djambaye II mineralized structure/zone dips at -70 degrees to the east and has now been traced by drilling for approximately 4,400 metres and is still open to the north, south and below 200 metres depth. Locally the Djambaye II zone comprises two parallel zones and there is local evidence of gold-bearing cross structures. The Djambaye II zone is the longest continually mineralized structure on the Tabakoto Project and provides an excellent opportunity to define additional open pit and underground mineral resources. Current open pit mineral reserves are for a 900 metre long section at the north end of the Djambaye II zone. A review of the sectional data indicates that the currently designed pit depth and extent is limited by a lack of drilling data versus an end to the mineralization. Additional drilling is a priority. As well, based on results to date, management believes that there is a reasonable potential to define sufficient underground mineral resources at Djambaye II to consider underground mining in the future.

QA/QC Procedures

Avion's procedures for handling drill core and reverse circulation chips are consistent with international standards and comprise initial description and logging into a Microsoft Access or an Excel database. Mineralized and suspected mineralized intervals in the holes are described in detail and marked for sampling. Core is then cut in half with the right-hand portion of the core put into plastic sample bags and sealed. Assay standard samples are inserted every 20th sample and split core from every 20th sample is also quartered and sent in as a separate sample to double check the assays from these intervals. This sampling procedure was initiated and periodically reviewed by Avion's Senior Vice President Exploration, Don Dudek, P. Geo. These samples were then delivered to a representative of SGS Mineral Service based in Kayes, Mali, to SGS Mineral Service based in Ouagadougou, Burkina Faso and to Avion's mine lab at the Tabakoto Mine. The assay samples are then crushed to 2 mm with riffle split if required to 1.5 kg, the entire sample milled in a LM2 mill to a nominal 95% passing 75µm. All the preparation equipment is flushed with barren material prior to the commencement of the job. Gold values were determined by Fire Assay and AAS with a 50 gram nominal sample weight. Some of Avion's reverse circulation chips and drill core samples were analyzed at Avion's Tabakoto mine laboratory. In order to ensure that local, exceptionally high grade assays are not overly represented in assay composites Avion is also presenting assay composites with high grade samples capped at 27.5 g/t Au, which is the capping level deemed appropriate for the Ségala Main Deposit and 32.0 g/t Au for the Tabakoto Deposit (see Avion's December 12th, 2008 news release) and from 2.25 g/t Au to 50 g/t Au for Dioulafoundou. Exploration holes are capped at 30 g/t Au.

Mining Operation Review

2011 Third Quarter production results

Avion produced 21,687 ounces of gold during Q3-2011, which is an 8% reduction compared to the 23,609 ounces produced in Q3-2010. The Tabakoto plant processed 227,900 tonnes of ore at an average grade of 3.12 g/t Au and the average mill recovery for Q3-2011 was 95.4%. This compares to Q3-2010 production of 178,800 tonnes of ore at an average grade of 4.28 g/t Au and an average mill recovery of 96.2%.

Production in 2009 was 51,291 ounces of gold. 562,750 tonnes of ore were processed at an average grade of 2.95 g/t Au, and an average mill recovery of 95.4%.

2010 production was 705,900 tonnes of ore processed at an average grade of 4.02 g/t Au, and an average mill recovery of 96.5%, for a total of 87,631 ounces of gold after final adjustments for refined product.

RESULTS OF OPERATIONS

<u>For the three months ended September 30, 2011</u>

The Company reported net income of $7,228,667 ($0.02 per share, basic and diluted) for the three months ended September 30, 2011 compared to $14,449,194 ($0.04 per share, basic and diluted) for the three months ended September 30, 2010.

During Q3-2011, the Company sold 22,000 ounces of gold and generated $36,833,887 in gold sales revenue. In Q3-2010, 25,700 ounces of gold was sold generating $31,702,673 in gold sales revenue. Mining and processing costs were $21,577,346 (Q3-2010: $11,763,087), which includes $nil (Q3-2010: $243,437) in amortized deferred stripping costs, and the Company recorded amortization and depletion of $3,403,523 (Q3-2010: $2,634,942). Mining and processing costs also includes a provision for taxes from prior years in the amount of $3,929,113. The Company is amortizing deferred property, plant and equipment related to the Mali projects on a unit of production basis from the current mine plan. The Company was subject to a 6% royalty on metal sales during Q3-2011. Royalties expense totaled $2,587,011 (Q3-2010: $2,078,488) for the ounces of gold sold during Q3-2011. The Company previously bought out an aggregate 3% royalty in late 2009 and 2010 for a combined $3,000,000 in cash, and shares and warrants worth $1,107,116. These amounts have been deferred and will be amortized over the life of the mine. Royalties expense during the comparative quarter included an additional 1% royalty.

The Company realized a cash cost per ounce produced of $799 per ounce for Q3-2011 compared to $498 for Q3-2010. Please see "Non-IFRS Measures" below. The increase in cash costs per ounce produced as compared to Q3-2010 and to Q2-2011 was primarily the result of the following:

- Closure of Ivory Coast shipping ports meant that all supplies to West Africa were diverted to Dakar. This caused severe congestion and delays getting supplies through customs at Dakar, which is where all Avion's supplies from overseas are shipped through. Spare parts for the open pit mining equipment did not arrive on schedule, and equipment availabilities decreased. This meant heavier reliance was placed on contractor equipment, which is more expensive than using Company equipment. Subsequently, the costs to mine the Dioulafoundou pit were higher than budgeted. Another result of the port situation was that more supplies than budgeted had to be air freighted as opposed to shipped by sea, which was more expensive.

- Almost half of the open pit mining amount that was over budget was due to the necessity of mining the Tabakoto South and Segala NW pits, which were not in the budget. Due to the low equipment availability, we could not strip enough waste at Dioulafoundou to keep a constant amount of high grade ore accessible, and had to rely on ore from the other two pits, which contained lower grade ore. In an effort to achieve budgeted gold production, the mill tonnage was increased, which resulted in higher operating costs than budgeted.

- Due to the low equipment availability, the amount of waste stripping achieved at Dioulafoudou in the last half of the second quarter was only a third of what was required to maintain access to ore. As a consequence, the amount of waste stripping in Q3-2011 was increased to get the mine plan back on schedule. These waste stripping costs were expensed in the current period.

Corporate and administrative expenses for the quarter ended September 30, 2011 totalled $1,264,024 compared to $718,343 for Q3-2010. Other corporate costs increased moderately over the quarter reflecting the increased activity of the Company.

Non-cash share-based compensation expense for Q3-2011 was $66,273 (Q3-2010: $123,825) related to the estimated fair value of stock options that were granted and vested during Q3-2011. A total of "nil" stock options were granted during Q3-2011 compared to nil during Q3-2010. Share-based compensation was estimated using the Black-Scholes option pricing model as at the date of grant.

During Q3-2011, the Company incurred a non-cash accretion expense of $61,750 related to the Company's asset retirement obligations acquired through the acquisition of the Mali projects (Q3-2010: $55,500). As well, the Company incurred $103,083 in interest expense related to obligations under finance leases (Q3-2010: $nil).

The Company recognized an unrealized loss of ($1,105,897) during Q3-2011 (Q3-2010: an unrealized gain of $305,578) related to their held-for-trading investments based on the fair market value of these investments as at September 30, 2011.

The Company also incurred a foreign exchange translation gain of $1,637,928 during Q3-2011 compared to a loss of $461,514 during Q3-2010. During the comparative quarter, the Company recognized a gain of $152,239 on the revaluation of the warrant provision from warrants held in a currency other than the Company's functional currency.

<u>For the nine months ended September 30, 2011</u>

The Company reported net income of $35,000,168 ($0.09 per share, basic and diluted) for the nine months ended September 30, 2011 compared to $15,501,363 ($0.05 per share, basic and diluted) for the nine months ended September 30, 2010. The increase in income is primarily the result of the increased selling price of gold.

During 2011, the Company sold 69,579 ounces of gold and generated $106,096,165 in gold sales revenue. In 2010, 64,722 ounces of gold was sold generating $77,056,727 in gold sales revenue. Mining and processing costs were $47,417,500 (2010: $38,573,597), which includes $385,304 (2010: $634,572) in amortized deferred stripping costs, and the Company recorded amortization and depletion of $9,095,327 (2010: $6,337,876). The Company is amortizing deferred property, plant and equipment related to the Mali projects on a unit of production basis from the current mine plan. The Company was subject to a 6% royalty on metal sales during 2011. Royalties expense totaled $6,519,034 (2010: $5,254,124) for the ounces of gold sold during 2011. The Company previously bought out an aggregate 3% royalty in late 2009 and 2010 for a combined $3,000,000 in cash, and shares and warrants worth $1,107,116. These amounts have been deferred and will be amortized over the life of the mine. Royalties expense during the comparative quarter included an additional 1% royalty.

The Company realized a cash cost per ounce produced of $626 per ounce for the nine months ended September 30, 2011 compared to $630 for the nine months ended September 30, 2010. Please see “Non-IFRS Measures” below.

Corporate and administrative expenses for the nine months ended September 30, 2011 totalled $3,481,211 compared to $2,788,970 for 2010. The increase in corporate costs is a result the increased activity of the Company, including the hiring of additional personnel, the compensation of directors, higher audit accruals and the structuring of acquisitions resulting in higher legal fees.

Non-cash share-based compensation expense for the nine months ended September 30, 2011 was $3,883,771 (2010: $6,367,365) related to the estimated fair value of stock options that were granted and vested during the nine months ended September 30, 2011. A total of 4,880,000 stock options were granted during the nine months ended September 30, 2011 compared to 13,945,000 during the nine months ended September 30, 2010. Share-based compensation was estimated using the Black-Scholes option pricing model as at the date of grant.

During the nine months ended September 30, 2011, the Company incurred a non-cash accretion expense of $185,250 related to the Company’s asset retirement obligations acquired through the acquisition of the Mali projects (2010: $166,500). As well, the Company incurred $280,613 in interest expense related to obligations under finance leases (2010: $nil).

The Company recognized an unrealized loss of $1,995,731 during the nine months ended September 30, 2011 (2010: an unrealized loss of $1,289,571) related to their held-for-trading investments based on the fair market value of these investments as at September 30, 2011. During the comparative year, the Company recognized a gain of $750,358 on the revaluation of the warrant provision from warrants held in a currency other than the Company’s functional currency.

The Company also incurred a foreign exchange translation gain of $2,361,543 during 2011 compared to a loss of $1,755,941 during 2010.

SUMMARY OF QUARTERLY RESULTS

This summary of unaudited quarterly results has been prepared in accordance with IFRS and Canadian GAAP ("GAAP") as outlined below.

		(in '000s except per share amounts)	**Revenue $**	**Income (Loss) $**	**Income (Loss) per share (basic and diluted) $**	**Income (Loss) – Controlling Interest ,$**	**Income (Loss) per share (basic and diluted)– Controlling Interest $**
Q3-2011	IFRS	September 30, 2011	36,948	7,665	0.02	5,388	0.01
Q2-2011	IFRS	June 30, 2011	37,890	15,207	0.04	10,777	0.03
Q1-2011	IFRS	March 31, 2011	31,788	12,565	0.03	10,744	0.03
Q4-2010	IFRS	December 31, 2010	38,252	18,794	0.05	17,778	0.05
Q3-2010	IFRS	September 30, 2010	31,789	16,083	0.04	12,571	0.04
Q2-2010	IFRS	June 30, 2010	26,038	334	0.00	(1,359)	(0.00)
Q1-2010	IFRS	March 31, 2010	19,467	664	0.00	1,274	0.00
Q4-2009	GAAP	December 31, 2009	14,202	3,975	0.01	0.00	0.00

An unrealized gain on investments of approximately $1,289,000 contributed to income generated during Q4-2009. During Q3-2010, the Company received an average gold price of $1,233 per ounce on their gold sales. During Q4-2010, the Company recognized higher revenues as a result of increased ounces sold, as well as a higher average gold price of $1,370 per ounce on gold sales.

The Company's non-current financial liabilities include asset retirement obligations related to the Mali projects acquired at the end of May, 2008. Management had reassessed the asset retirement obligation during 2009 and had recorded an increase during 2009. In Q4-2010, the Company increased the amount of the estimate of the asset retirement obligation, but also changed the estimated time to reclamation to the year 2022. Therefore, the value of the asset retirement obligation decreased. During Q3-2010, the Company acquired assets through a capital lease arrangement, thereby marginally increasing long-term liabilities. The Company continued to acquire assets through capital lease arrangements during Q4-2010 to increase their long-term liabilities.

During 2011, the Company continued to achieve profitable operations from higher gold ounces produced and increasing gold prices.

LIQUIDITY AND CAPITAL RESOURCES

Avion finances operations primarily through metal sales. However, the Company has raised funds through the issue of common shares to fund further exploration, underground development and the mill plant expansion.

In May 2011, the Company completed a US$ 35 million credit facility, which is being provided by Banque Atlantique Mali S.A., a subsidiary of Atlantic Financial Group ("AFG"). The key elements of the facility are a $35 million credit facility available for a 3 year term with an annual interest rate of 7%. The Company has flexibility with regards to draw downs and pre-payments and has no gold hedging requirements. The equivalent of $19,490,906 was drawn down from the facility as at September 30, 2011. As of the date of this report, the Company has drawn down approximately $31,000,000.

At September 30, 2011, the Company had $49,178,141 in cash and cash equivalents, and working capital of $53,540,995. The Company continues to monitor its costs related to these expansion plans closely. The Company anticipates the costs with respect to the expansion plans to be within the 15% of the budget. However, the Company does confront a variety of uncontrollable factors including highly fluctuating exchange rates and inflationary pressures on commodities such as steel which could materially impact the Company's forecasts.

CASH FLOWS

For the quarter ended September 30, 2011

During Q3-2011, operating activities provided $15,261,330 in cash flows compared to $14,902,563 during Q3-2011. In Q3-2011 the Company continued to generate significant cash flow from operations as production costs remain significantly lower as compared to the selling price achieved for the gold produced. Although production costs did increase in Q3-2011 as compared to Q3-2010, this cost increase was offset by the increase in the selling price of gold.

Cash from investing activities used $41,759,276 during Q3-2011 compared to $18,257,343 during Q3-2010. Expenditures on properties, plant and equipment used $31,693,524 during Q3-2011 compared to $19,736,086 during Q3-2010. During Q3-2011, significant funds were expended on the Company's three extensive capital programs being Tabakoto underground development, the mill expansion program and comprehensive exploration programs on both the properties in Mali and Burkina Faso. In the latter part of Q3-2011, expenditures on the Segala underground development started to increase. The Company intends on expending $10 million on exploration and a total of approximately $61 million on the mill expansion program during 2011.

Financing activities provided $66,831,128 during Q3-2011 compared to $444,973 during Q3-2010. The Company raised $3,259,135 through the exercise of stock options and warrants during Q3-2011 compared to $493,325 during Q3-2010. In Q3-2011, the Company raised $55,320,972 through a public offering net of share issue costs. The Company also drew down on their loan facility generating $8,699,047 in cash during Q3-2011. The Company paid $448,026 against capital lease obligations during Q3-2011, compared to $48,352 during Q3-2010. This was for mining equipment purchased for both the underground and open pit operations.

For the nine months ended September 30, 2011

During the nine months ended September 30, 2011, operating activities provided $42,203,667 in cash flows compared to $21,947,229 during 2010. In 2011 the Company continued to generate significant cash flow from operations as production costs remain significantly lower as compared to the selling price achieved for the gold produced.

Cash from investing activities used $121,970,802 during the nine months ended September 30, 2011 compared to $42,964,585 during the nine months ended September 30, 2010. Expenditures on properties, plant and equipment used $101,774,393 during the nine months ended September 30, 2011 compared to $42,792,973 during the nine months ended September 30, 2010. The Company spent $7,550,246 in exploration and evaluation expenditures during the nine months ended September 30, 2011 compared to $1,866,490 during the nine months ended September 30, 2010. During 2011, significant funds were directed to the Company's three extensive capital programs being Tabakoto and Segala underground development, the mill expansion program and the exploration program. The Company intends on expending $10 million on exploration and a total of approximately $61 million on the mill expansion program. As of this date, those targeted expenditures will be achieved.

Financing activities provided $91,429,974 during 2011 compared to $28,900,613 during 2010. The Company raised $17,741,510 through the exercise of stock options and warrants during 2011 compared to $3,512,744 during 2010. The Company also drew down on their loan facility raising $19,490,906 during 2011. During 2011, the Company raised $55,320,972, net of cost of issue, from a public offering. The Company paid $1,123,414 against capital lease obligations during 2011, compared to $48,352 during 2010.

NON-IFRS MEASURES

Avion believes that investors use certain indicators to assess gold mining companies. The indicators are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared with IFRS. "Cash flow from operating activities before changes in non-cash working capital" is a non-IFRS performance measure which could provide an indication of the Company's ability to generate cash flows from operations, and is calculated by adding back the change in non-cash working capital to "Cash provided by (used for) operating activities as presented on the Company's consolidated statements of cash flows. "Cash cost per ounce produced" is a non-IFRS performance measure which could provide an indication of the mining and processing efficiency and effectiveness at the Mine. It is determined by dividing the relevant mining and processing costs excluding royalties by the ounces produced in the period. There may be some variation in the method of computation of "cash cost per ounce produced" as determined by the Company compared with other mining companies. In this context, "ounces produced" includes in-process and dore inventory along with ounces of gold sold in the period. "Cash costs per ounce produced" may vary from one period to another due to operating efficiencies, waste to ore ratios, grade of ore processed and gold recovery rates in the period.

The following table provides a reconciliation of mining and processing costs per the condensed interim consolidated financial statements and cash operating for the purposes of calculating cash costs per ounce produced and total cash costs produced.

Cash costs per ounce produced and total cash costs produced

	Three months ended September 30, 2011	**Three months ended September 30, 2010**	**Nine months ended September 30, 2011**	**Nine months ended September 30, 2010**
Mining and processing expenses	21,577,346	11,763,087	47,417,500	38,573,597
By-product silver sales credit	(114,541)	(86,582)	(529,983)	(236,911)
Inventory movements and adjustments	235,336	71,000	(56,305)	420,098
Provision for government assessment for prior period payroll and other taxes	(4,220,349)		(4,220,349)	
Cash operating costs	**17,477,792**	**11,747,505**	**42,610,863**	**38,756,784**
Divided by ounces of gold produced	21,687	23,609	67,782	61,541
Cash cost per ounce produced	806	498	629	630
Royalties	2,587,011	2,078,488	6,519,034	5,254,124
Total cash cost per ounce produced	925	586	725	715
Operating cashflow	15,261,331	14,902,563	42,203,667	21,947,229
Operating cashflow per ounce produced	704	631	623	357

TRANSACTIONS WITH RELATED PARTIES

During the period, the Company entered into the following transactions in the ordinary course of business with related parties that are not subsidiaries of the Company.

	Purchases of goods and services			
	Three months ended September 30,		Nine months ended September 30,	
	2011	2010	2011	2010
2227929 Ontario Inc.	$ 175,248	$ 123,552	$ 387,630	$ 312,747
Forbes & Manhattan, Inc.	$ 51,655	$ 14,799	$ 83,030	$ 58,300

The Company shares office space with other companies who may have similar officers or directors. The costs associated with this space are administered by 2227929 Ontario Inc.

Mr. Stan Bharti, a director of the Company, is the Executive Chairman of Forbes & Manhattan Inc., a corporation that provides administrative services to the Company.

The following balances were outstanding at the end of the reporting period:

	Amounts owed by related parties September 30, 2011	December 31, 2010
2227929 Ontario Inc.	$ 389,745	$ 35,485
Other (various)	67,693	20,235

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the current or prior periods for bad or doubtful debts in respect of the amounts owed by related parties.

DIRECTORS AND OFFICERS COMPENSATION

The remuneration of directors and other members of key management personnel during the period were as follows:

	Three months ended September 30,		Nine months ended September 30	
	2011	2010	2011	2010
Short-term benefits	$ 382,166	$ 246,747	$ 1,059,840	$ 1,450,777
Share-based payments	-	89,019	2,103,953	4,166,218

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

The Company has passed resolutions to compensate directors. The independent directors will receive $20,000 annually for their role as directors. In addition, The Chairman of the Board of Directors will receive $10,000 annually, while the Chairman of the Audit Committee will receive $5,000 annually and the Chairmen of the Compensation Committee and Governance Committee will each receive $2,500 annually.

SHARE DATA

The authorized capital of the Company consists of an unlimited number of common shares of which 440,223,193 were issued and outstanding as of November 14, 2011.

As of November 14, 2011, 24,346,250 options are outstanding at exercise prices ranging from $0.20 to $1.71 expiring between March 22, 2012 and May 12, 2016.

As of November 14, 2011, no warrants were outstanding.

Avion has no performance shares or escrow shares.

RISKS AND UNCERTAINTIES

The Company's principal activity is mineral exploration, development and mining. Companies in this industry are subject to many and varied kinds of risks, including, but not limited to, environmental, metal prices, political and economical risks.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters.

For additional disclosure regarding certain risks that could affect the Company, please refer to the Company's Annual Information Form filed on March 21, 2011.

COMMITMENTS

The Company is party to certain management contracts. These contracts contain clauses requiring additional payments of up to $6,000,000 be made upon the occurrence of certain events such as a change of control. As the likelihood of these events taking place is not determinable, the contingent payments have not been reflected in these consolidated financial statements. Additional minimum management contract commitments remaining under these contracts are approximately $2,000,000.

The Company has contracted to purchase fuel as required, however if the contract was terminated, the Company would be obligated to pay the approximately $500,000 at September 30, 2011. The Company has contracted for mining services at the Tababoto and Segala mine sites. Should the Company terminate the contract without cause, the Company will be liable for any costs incurred to date of termination, reasonable costs for demobilization and any other costs for which the contractor is legally liable as a result of the termination. The Company also entered into a contract to purchase a Sag Mill for $6,900,000.

The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These law and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The capital structure of the Company consists of capital stock, warrants and stock options. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company is in production and has begun to generate cash flows to support the ongoing and longer term strategy focused on mining, development and exploration. However, the Company may continue to rely on capital markets to support continued growth. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no significant changes in the Company's approach to capital management during the period ended September 30, 2011.

FINANCIAL RISK FACTORS

Financial assets and financial liabilities as at September 30, 2011 and December 31, 2010 were as follows:

September 30, 2011	Cash, loans and receivables	Assets /(liabilities) at fair value through profit	Total
Cash and cash equivalents	49,178,141	-	49,178,141
Receivables	6,927,938	-	6,927,938
Other financial assets non-current	6,984,945	769,413	7,754,358
Accounts payable and accrued liabilities	27,789,833	-	27,789,833
Interest-bearing loans and borrowings-current	562,160	-	562,160
Interest -bearing loans and borrowings-non-current	19,832,486	-	19,832,486
Other financial liabilities current	1,592,248	-	1,592,248
Other financial liabilities non-current	2,884,756	-	2,884,756
Other payables	601,518	-	601,518

December 31, 2010	Cash, loans and receivables	Assets /(liabilities) at fair value through profit	Total
Cash and cash equivalents	$ 38,610,362	$ -	$ 38,610,362
Receivables	4,101,229	-	4,101,229
Other financial assets non-current	2,955,809	2,716,857	5,672,666
Accounts payable and accrued liabilities	14,498,669	-	14,498,669
Interest-bearing loans and borrowings-current	521,282	-	521,282
Interest -bearing loans and borrowings-non-current	-	-	-
Other financial liabilities current	1,108,084	-	1,108,084
Other financial liabilities non-current	2,686,777	-	2,686,777
Other payables	562,948	-	562,948

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no significant changes in the risks, objectives, policies and procedures for managing risk during the quarter ended September 30, 2011 and 2010.

Credit risk

The Company's credit risk is primarily attributable to cash and equivalents, amounts receivable and the fuel duty recoverable. The Company has no significant concentration of credit risk arising from operations other than that related to the fuel duty recoverable. Financial instruments included in amounts receivable consist of sales taxes due from the Government of Canada, Value Added Tax from foreign governments, employee advances and reimbursable costs, and gold sales receivables. Fuel duty recoverable is due from the Government of Mali, currently being recovered by way of offset against certain royalties and any taxes otherwise payable to the Government of Mali. The right to offset and the full value of the recoverable amount have not been confirmed by the Government of Mali. Management believes that the credit risk with respect to these financial instruments is minimal. There is no formal offset agreement with the Malian Government, however the Government has not rejected the offsets to date.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2011, the Company had a cash and cash equivalents balance of $49,178,141 (December 31, 2010: $38,610,362) to settle current liabilities of $30,545,759 (December 31, 2010: $16,690,893).

Market risk

(a) Interest rate risk

The Company has cash and cash equivalent balances at September 30, 2011. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by Canadian banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. A significant portion of the Company’s interest-bearing debt accrues interest at a fixed rate.

(b) Currency risk

The Company's functional and reporting currency is the Unites States dollar. The Company funds certain operational expenses in Africa using the CFA Francs (“FCFA”) and the Euro currencies, as well as corporate expenses in Canadian dollars. The Company’s Malian subsidiaries operate in FCFA which is fixed with the Euro. Gold sales are paid in United States dollars.

The three main types of foreign exchange risk of the Company can be categorized as follows:

i) Transaction exposure

The Company’s operations incur costs in different currencies. This creates exposure at the operational level, which may affect the Company’s profitability as exchange rates fluctuate. The Company has not hedged its exposure to currency fluctuations.

ii) Exposure to currency risk

The Company is exposed to currency risk through the following assets and liabilities denominated in currencies other than the Unites States dollar:

Balances as at September 30, 2011	CAD$	FCFA	Euros
Cash and cash equivalents	36,506,614	1,345,515	-
Amounts receivable	240,213	1,119,408	-
Fuel duty recoverable	-	6,984,945	-
Investments	769,413	-	-
Accounts payable and accrued liabilities	(3,374,990)	(25,139,890)	-
Shareholder loan	-	(562,160)	-
Long term liabilities	-	(19,832,486)	
Capital lease obligations	(536,160)	-	-
Net balance sheet exposure	33,605,091	(36,084,668)	-

Balances as at December 31, 2010	CAD$	FCFA	Euros
Cash and cash equivalents	20,647,768	3,163,071	-
Amounts receivable	238,396	1,192,238	-
Fuel duty recoverable	-	5,626,336	-
Investments	2,716,857	-	-
Accounts payable and accrued liabilities	(1,553,178)	(12,830,844)	(101,801)
Shareholder loan	-	(521,282)	-
Long term liabilities	-	-	-
Capital lease obligations	(512,897)	-	-
Net balance sheet exposure	21,536,946	(3,370,481)	(101,801)

iii) Translation exposure

The Company’s operations translate their operating results from the host currency to Unites States dollars, the functional currency. Therefore, exchange rate movements in the United States dollar, Canadian dollar, Euro and FCFA can have a significant impact on the Company’s consolidated operating results.

(c) Price risk

The Company's earnings and cash flows are subject to price risk due to fluctuations in the market price of gold and silver. World gold prices have historically fluctuated widely and are affected by numerous factors beyond the Company's control, including:

- The strength of the US economy and the economies of other industrialized and developing nations;
- Global or regional political or economic crises;
- The relative strength of the US dollar and other currencies;
- Expectations with respect to the rate of inflation;
- Interest rates;
- Purchases and sales of gold by central banks and other holders;
- Demand for jewelry containing gold; and
- Investment activity, including speculation in gold as a commodity.

The Company closely monitors these metal prices to determine the appropriate course of action to be taken by the Company. The Company currently does not hedge for price risk.

The Company is also subject to price risk for fluctuations in the cost of energy, principally electricity and purchased petroleum products. The Company's production costs are also affected by prices of commodities it consumes or uses in its operations such as lime, reagents and explosives. The prices of such commodities are influenced by supply and demand trends affecting the mining industry in general and other factors outside the Company's control. The Company has entered into fuel contracts to mitigate this risk.

The Company is also subject to price risk for changes in the market price of its investments.

Sensitivity analysis

Foreign exchange risk
A 10% change in the United States Dollar exchange rate as at September 30, 2011 compared to the Canadian Dollar, with all other variables held constant, would impact the Company's net earnings by approximately $3,100,000.

A 10% change in the United States Dollar exchange rate as at September 30, 2011 compared to the FCFA, with all other variables held constant, would impact the Company's net earnings by approximately $1,400,000.

Price risk
A 10% change in the average gold price during the six months ended September 30, 2011 with all other variables constant, would have resulted in an impact to earnings of approximately $10,600,000.

CRITICAL ACCOUNTING ESTIMATES

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reported period. Such estimates and assumptions affect the carrying value of assets, impact decisions as to when exploration and development costs should be capitalized to mineral properties, plant and equipment or expensed, and estimates for asset retirement obligations and reclamation costs. Significant estimates used in the preparation of the consolidated financial statements include, but are not limited to, the recoverability of amounts receivable, fuel duty receivable and investments; the measurement of material in circuit and the recoverable gold in this material used in determining the estimated net realizable value of inventories; and the proven and probable ore reserves and resources, and the related depletion and amortization. Other significant estimates made by the Company include factors affecting valuations of stock-based compensation, warrants, and income tax accounts. The Company regularly reviews its estimates and assumptions, however, actual results could differ from these estimates and these differences could be material.

FUTURE ACCOUNTING CHANGES

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning after January 1, 2011 or later periods. Updates are not applicable or are not consequential to the Company have been excluded thereof.

IFRS 7, Financial Instruments – Disclosures (“IFRS 7”) was amended by the IASB in October 2010 and provides guidance on identifying transfers of financial assets and continuing involvement in transferred assets for disclosure purposes. The amendments introduce new disclosure requirements for transfers of financial assets including disclosures for financial assets that are not derecognized in their entirety, and for financial assets that are derecognized in their entirety but for which continuing involvement is retained. The amendments to IFRS 7 are effective for annual periods beginning on or after July 1, 2011. The Company has not yet determined the impact of the amendments to IFRS 7 on its financial statements.

IFRS 9, Financial Instruments -- Classification and Measurement (“IFRS 9”) was issued November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. This standard is required to be applied for accounting periods beginning on or after January 1, 2013, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments. Management anticipates that this standard will be adopted in the Company's consolidated financial statements for the period beginning January 1, 2013, with early adoption permitted. The Company has not yet determined the potential impact of the amendments to IFRS 9 on its financial statements.

IFRS 10 Consolidated Financial Statements (“IFRS 10”) provides a single model to be applied in the control analysis for all investees, including entities that currently are special purpose entities in the scope of SIC 12. In addition, the consolidation procedures are carried forward substantially unmodified from IAS 27 Consolidated and Separate Financial Statements. The Company intends to adopt IFRS 10 in its consolidated financial statements for the annual period beginning January 1, 2013. The Company has not yet determined the impact of the amendments to IFRS 10 on its consolidated financial statements.

IFRS 11 Joint Arrangements (“IFRS 11”) replaces the guidance in IAS 31 Interests in Joint Ventures. Under IFRS 11, joint arrangements are classified as either joint operations or joint ventures. IFRS 11 essentially carves out of previously jointly controlled entities, those arrangements which although structured through a separate vehicle, such separation is ineffective and the parties to the arrangement have rights to the assets and obligations for liabilities and are accounted for as joint operations in a fashion consistent with jointly controlled assets/operations under IAS 31. In addition, under IFRS 11, joint ventures are stripped of the free choice of equity accounting or proportionate consolidation; these entities must now use the equity method.

Upon application of IFRS 11, entities which had previously accounted for joint ventures using proportionate consolidation shall collapse the proportionately consolidated net asset value (including any allocation of goodwill) into a single investment balance at the beginning of the earliest period presented. The investment’s opening balance is tested for impairment in accordance with IAS 28 Investments in Associates and IAS 36 Impairments of Assets. Any impairment losses are recognized as an adjustment to opening retained earnings at the beginning of the earliest period presented. The Company intends to adopt IFRS 11 in its financial statements for the annual period beginning January 1, 2013. The Company has not yet determined the impact of the amendments to IFRS 7 on its consolidated financial statements.

IFRS 13 Fair Value Measurement converges IFRS and US GAAP on how to measure fair value and the related fair value disclosures. The new standard creates a single source of guidance for fair value measurements, where fair value is required or permitted under IFRS, by not changing how fair value is used but how it is measured. The focus will be on an exit price. IFRS 13 is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. The Company has not yet determined the impact of the amendments to IFRS 13 on its consolidated financial statements.

OFF BALANCE SHEET ITEMS

The Company does not have any off balance sheet items.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

In compliance with Form 52-109F2 of National Instrument 52-109, management must disclose in its Management's Discussion and Analysis any material weakness found to exist within its system of internal control over financial reporting.

A material weakness in internal control over financial reporting as of March 31, 2011 existed as management did not have sufficient accounting personnel to appropriately review and approve accounting transactions. As a result, a calculation error on the accrual of gold sales occurred. The material weakness resulted in the restatement of the Company's condensed interim consolidated financial statements for the three months ended March 31, 2011.

Management has taken steps to resolve this weakness with the hiring of a Director of Finance to provide further oversight in the Company's financial reporting and to assist in the further development, implementation and maintenance of Company-wide internal controls.

OUTLOOK

Mining

Mill feed plans for 2011 include open pit mining at the Dioulafoundou, Ségala NW and Tabakoto South deposits, underground development ore from the Tabakoto deposit, and stockpile reclamation of ore from the Ségala open pit that was mined out in 2010. It is expected that ore derived from the Dioulafoundou pit and Tabakoto underground development will be higher grade than that mined at the Ségala Pit in 2010. Gold production in 2011 is targeted at between 95,000 and 100,000 ounces. The Djambaye II open pit deposit, where 707,000 tonnes grading 3.65 g/t Au totalling 83,100 ounces, is scheduled to start development in the last half of Q4, 2011. A pit may be designed over the Dar Salam south deposit pending trenching to validate the geological model.

Avion has purchased its own open pit mining equipment to decrease its reliance on contractors and in turn expects to lower open pit mining costs and increase equipment availability. The fleet is now operating at the mine site.

Avion has contracted Byrnecut Offshore Pty Ltd ("Byrnecut"), a large international mining contractor based in Perth, Australia, to carry out underground development of the Tabakoto and Ségala deposits. Portal development at the bottom of the existing Tabakoto open pit commenced on October 6, 2010. As of the end of Q3-2011, over 5,300 metres of development has been completed, including several ventilation raises. Underground development of the Ségala deposit commenced in Q4, 2011.

Avion has hired an Engineering, Procurement, Construction Management ("EPCM") firm, GENIVAR Limited Partnership of Montreal, Canada to double the capacity of the process plant from 2,000 tonnes per day to 4,000 tonnes per day. A SAG mill has been ordered from Polysius Corporation with delivery to the mine scheduled in Q4-2011. The Company continues on plan and budget for its plant expansion project. Construction remains on schedule to be completed in Q1 of 2012. All of the plant equipment has been ordered and most of the major equipment items are due to arrive at the mine site in November, 2011. Detailed engineering is 85% complete. Civil and earthworks are approximately 75% complete. The SAG mill, gold room, gravity tower, CIL and leach tanks, electrical room, and stockpile foundations are completed. Mechanical and piping installations are due to commence in October. Electrical and automation installations are due to begin in early November.

Mill Expansion Program

Avion's progress to date towards expansion is summarized below:
A development schedule for the Tabakoto Project to achieve a 200,000 oz/year production run-rate is presented in the table below.

Project milestones	2011				2012
	Q1	Q2	Q3	Q4	Q1
60,000 metre exploration program	•	•	•	•	
Future exploration programs					•
Tabakoto underground development	•	•	•	•	
Issue updated NI43-101 mineral resource report	•				
Issue NI43-101 mineral reserve report			•		
Mine Dioulafoundou and other open pits	•	•	•	•	•
Plant expansion construction	•	•	•	•	•
Ségala underground development				•	•
+160,000 oz/year gold production run-rate					•

Exploration

Exploration drilling at Tabakoto was stopped in April to allow for the two drills to move to the Kofi project. Avion has contracted another two drills to allow the continuation of the drill program at Tabakoto in September and Q4, 2011. In excess of 200 holes totalling more than 40,000 metres of drilling has been proposed to further test the Ségala Main, Tabakoto NW, Tabakoto South, Tabakoto NE1/NE2, Dioulafoundou and Djambaye II zones. Additional holes are being planned for the Dar Salam, Ségala NW, Ségala Far NW and Djambaye I zones and on model driven structural targets on the Tabakoto Project. To the end of September Avion had completed 139 drill holes totalling 15,925 metres.

One drills is currently testing the Kofi Property with a core drill testing the Kofi C and Kofi C West zones. Approximately 1105 holes totalling 18,660 metres of drilling has been completed to the end of September, 2011. A resource update is planned for late Q4, 2011 along with periodic drill updates as drill assay data is received and interpreted.

Continued exploration in 2011 at the Houndé property is expected to add to the initial resources published on October 26, 2010 and further define the zones identified during the 2010 drill program. To the end of September 2011 Avion has drilled 154 holes totalling 27,532 metres and anticipates drilling at least another 5,000 metres in the Vindaloo zone area before year-end. From the initial resource presented on October 26, 2010, which presented data for a 700 to 800 metre portion of the Vindaloo zone, current drilling has extended the zone to 3,600 metres in strike with reasonable expectations for extending the zone even further along strike, Avion plans to update the project resources in late Q4, 2011 and produce a 43-101 compliant resource report in support of the updated resources. If sufficient resources are defined by the resource update, Avion intends to initiate a PEA (preliminary economic assessment) to define potential economic parameters for the development of the project.

November 14, 2011