

AVION RESOURCES CORP.

(A Development Stage Company)

***Management's
Discussion &
Analysis***

***for the three and nine months ended
August 31, 2008***

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three and Nine Months Ended August 31, 2008

General

This management's discussion and analysis ("MD&A") has been prepared based on information available to Avion Resources Corp. ("we", "our", "us", "Avion", or the "Company") as of October 20, 2008. The MD&A provides a detailed analysis of the Company's business and compares its financial results with those of the previous year and should be read in conjunction with our unaudited interim financial statements and related notes as at and for the nine months ended August 31, 2008 and the audited annual financial statements and notes, and MD&A for the year ended November 30, 2007. The financial statements and related notes of Avion have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). Additional information and press releases have been filed electronically through the System for Electronic Document Analysis and Retrieval ("SEDAR") and are available online under our profile at www.sedar.com.

Unless otherwise noted, this MD&A reports our activities through October 20, 2008. All figures are in Canadian dollars unless otherwise indicated.

References to the first, second and third quarters of 2008 and the first, second and third quarters of 2007 refer to the quarters ended February 29, May 31, and August 31, 2008 and 2007 respectively.

The statements for the nine months ended August 31, 2008 are unaudited and have not been reviewed by the Company's auditors.

OVERVIEW OF THE COMPANY

Avion is listed on the TSX Venture Exchange ('TSX-V'), trading under the symbol AVR.

Avion is a mineral exploration and development company focused on strategic acquisitions in Africa. Avion has a team of highly qualified geologists, as well as a strong operational team that is exploring various properties in Africa. Avion currently has an exploration project in Ethiopia with a total land position of 4,400 square kilometres.

In May 2008, the Company completed the acquisition of an 80% interest in the Tabakoto and Segala gold projects, (the "Mali Projects") located in Mali, West Africa from Nevsun Africa (Barbados) Ltd., a subsidiary of Nevsun Resources Ltd. ("Nevsun"). The remaining 20% interest in the Mali Projects belongs to the Government of Mali. The Tabakoto project is a two year old project that last produced in September 2007 and has all mining infrastructure and processing facilities in-place. Nevsun previously spent approximately US\$90 million in capital expenditures to construct the mine. It was placed on care and maintenance by the former owners.

During the prior year, the Company brought in new management, changed its name from Argent Mining Corp., to Avion Resources Corp., and consolidated its shares on a 3:1 basis. All common shares, options and warrants and per share amounts have been restated to reflect the 3:1 consolidation that took place on June 21, 2007.

The Company is a development stage company as defined by the Canadian Institute of Chartered Accountants (the "CICA") Accounting Guideline 11.

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements. For a full description of the Company's risks refer to the Risks and Uncertainties section of this report

MINERAL PROPERTIES

Mali, Africa

In May 2008, the Company closed a share purchase agreement for the acquisition of an indirect 80% interest in the Tabakoto and Segala gold projects located in Mali, West Africa, the "Mali Projects". The remaining 20% interest is owned by the Government of Mali. The Tabakoto project was previously a producing gold mine and has all mining infrastructure and processing facilities in place. As consideration, the Company paid US\$20,000,000 (CDN\$20,114,000) for the purchase of an 80% interest. The vendor also retains a 1% Net Smelter Return Royalty ("NSR"). The Company will have the option to buy out this net smelter return royalty for US\$2,000,000 during the five years following the date of closing.

In addition to the consideration to be paid under the Agreement, Avion paid a US\$1,000,000 (CDN\$994,200) finder's fee to an arm's length third party and granted this private company a 2% NSR on the Mali Projects. Avion has an option to buy out this NSR at a price of US\$4,000,000 for five years from the date of Closing.

The Company also paid a \$1,000,000 advisory fee to a company controlled by a director of the company.

The Company agreed to a US\$1,000,000 break fee if the transaction did not close before May 2008. To post the break fee, the Company borrowed US\$1,000,000 from Aberdeen International Inc. ("Aberdeen"), a company that has common directors and officers and holds more than 10% of the issued and outstanding common shares of the Company. This loan matured on September 30, 2008, incurs a 10% per annum interest rate, and is secured against the assets of the Company. As consideration for the loan, the Company issued 250,000 share purchase warrants to Aberdeen, where each warrant entitles Aberdeen to acquire one common share of the Company at a price of \$0.38 for a period of 6 months from the date of issue. The fair value of these warrants was estimated at \$21,750 using the Black-Scholes option pricing model. Subsequent to the end of the quarter, the Company entered into an agreement with Aberdeen to extend the terms of the debenture. See Subsequent Events.

The following table summarizes the total cost of the acquisition of the Mali Projects:

Cash paid	20,114,000
Advisory and finders fees	2,294,200
Filing and regulatory fees	1,000
Legal, audit and transfer agent fees	199,638
Consulting fees and expenses	184,252
	<u>22,793,090</u>

The following table summarizes the estimated fair value of the assets acquired and liabilities assumed at the date of acquisition. The Company is in the process of obtaining third-party valuations of certain assets, thus the allocation of the purchase price is subject to adjustment.

Assets acquired at May 20, 2008	
Cash	50,429
Amounts receivable	81,595
Prepaid expenses	635,404
Inventory	3,844,164
Long term receivable	6,895,039
Mine and exploration assets	17,496,209
Accounts payable	(1,946,060)
Asset retirement obligations	(4,263,690)
	<u>22,793,090</u>

The Government of Mali owns the remaining 20% interest in the Tabakoto & Segala projects. The Company is required to fund 100% of all expenditures related to the exploration and development of these properties and holds preferential right to recover all funding plus interest from future cash flows prior to the shareholders receiving dividends.

Ethiopia, Africa

In November 2007, the Company acquired an option agreement from Ethio-Gibe Canada Mining PLC ("Ethio-Gibe") with respect to certain properties in Ethiopia. Ethio-Gibe is controlled by a person who subsequently became an officer of the Company. The Company has agreed to make the following payments to Aberdeen, in either cash or shares of the Company as mutually agreed upon:

- \$250,000 upon receipt of regulatory approval (paid January 2008);
- \$750,000 on or before June 30, 2008 (not paid); and
- \$1,000,000 on or before December 31, 2008

As well, the Company agreed to grant to Aberdeen a 1.5% NSR and issue Aberdeen 1,500,000 share purchase warrants exercisable at \$0.48 for 18 months. Aberdeen holds more than 10% of the issued and outstanding shares of the Company and the two companies have certain directors and officers in common.

The agreement with Ethio-Gibe provides an option to obtain 100% of the exclusive rights granted by the Ministry of Mineral Energy of Ethiopia to Ethio-Gibe on certain Gold-Copper-Zinc exploration concessions in Ethiopia, subject to a 2% net smelter return royalty ("NSR") to be held by Ethio-Gibe. The agreement provided Aberdeen with an option to purchase 50% of the NSR for \$1,000,000 in cash or in shares of the Company.

The terms of the option with Ethio-Gibe are as follows:

- payment of \$200,000 in cash and issuance of 500,000 shares of the Company on or before April 25, 2007; (paid)
- payment of \$250,000 and issuance of 250,000 shares of the Company on or before each of December 31, 2007 (paid and issued), December 31, 2008 and December 31, 2009;
- payment of \$500,000 on each of December 31, 2010 and December 31, 2011, payable in cash or shares of the Company at the Company's option; and
- expend a minimum of \$2,000,000 on property exploration.

Dundonald Property, Timmins, Ontario

In November 2007, the Company entered into negotiations to acquire a 75% interest in the Dundonald property in Timmins, Ontario. The agreement was finalized on January 2, 2008. During the quarter, the Company has terminated this option, and has written off project costs incurred to date totalling \$469,059.

Exploration Update

Tabakoto and Segala Projects, Mali

Avion completed a 15,341 metre 79 hole exploration and site evaluation program at the Mali projects. The drill program objective was to build on the current understanding of the mineralization at Segala and Tabakoto, discover additional zones and to delineate a new geological model for the deposits. Avion expects to complete a resource estimate for the Segala gold project in Q4 2008, with planned production at Segala commencing shortly thereafter in Q1 2009. The Company plans to complete an updated resource for Tabakoto in the first quarter of 2009. Assay results for approximately two-thirds of the drill holes have been received with highlights reported below.

Drilling

A total of 26 holes were drilled in the Segala area this year. This work confirmed the grade and the continuity of the Segala zone, resulted in the discovery of a new zone of gold mineralization (along Segala Far NW trend), located approximately 600 metres northwest of the Segala deposit, and the development of numerous exploration targets. Hole S-08-19, which tested a 145 metre, on-section gap in the Segala Zone, returned 2.72 g/t Au over 73.5 metres core length (~ 41.4 metres true width). This new intercept is consistent with historic drill intercepts for the Segala zone, along a 300 m strike from 50 metres to 450 metres depth that returned from 1.96 g/t Au to 8.72 g/t Au over true widths of 9.0 metres to 43.5 metres. Intercepts that lie along same 25 metre wide section as hole S-08-19 are listed below.

Hole	From (m)	To (m)	Drilled Width (m)	Estimated True Width (m)	Au (g/t)
S-08-19	167.0	240.5	73.5	41.4	2.72
incl.	183.0	215.0	32.0	18.0	4.33
SRC-365*	34.5	60		25.0	5.11
S-125*	83.5	98.5		15	2.49
SD94-4*	102.1	121.2		19.1	6.10
S-123*	134.5	178.0		43.5	3.84
SD96-08*	298.9	316.8		17.9	8.72
SD97-42*	440.3	466.3		15.4	3.68

* Historic drill intercepts on section 259900 (+- 12.5 metres)

Hole S-08-13, which returned 0.86 g/t Au over 60 metres core length (including 2.6 g/t Au over 12.0 metres core length), is located in the Segala Far NW area of the Segala property and is situated approximately 180 metres from Hole S-08-08 (existing Segala deposit), which returned 10.5 metres of 8.51 g/t Au previously (For more information on Hole S-08-08, refer to news release dated August 21, 2008.) These intercepts, with no drill holes between, suggest the potential for a new mineable zone, and future drilling will be planned to further test the potential of the area.

Results from the Tabakoto area, located approximately 5 kilometres from the Segala deposit, also returned positive results. In total, 30 holes were drilled at Tabakoto in 2008, with assays from 14 holes pending. Significant drill results at Tabakoto includes:

Hole	From (m)	To (m)	Drilled Width (m)	Au (g/t)
T-08-02	6.5	18.0	11.5	7.41
and	102.3	103.5	1.2	12.69
and	112.7	126.5	13.8	11.66
T-08-03	83.0	86.4	3.4	3.23
and	143.2	143.8	0.6	19.20
T-08-04	156.0	157.5	1.5	5.24

	195.5	199.3	3.8	5.56
T-08-05	158.0	168.2	10.2	9.21
T-08-07	43.0	67.0	24.0	1.34
	76.0	79.0	3.0	6.99
T-08-08	6.0	52.7	38.4	2.18
Incl.	6.0	21.3	13.8	4.90
T-08-09	9.0	31.0	22.0	4.55 (3.88 cut*)
T-08-10	240.0	248.1	8.1	0.68
T-08-11	48.0	48.5	1.5	4.41
	61.5	64.5	3.0	2.77
T-08-12	100.0	124.0	24.0	15.56 (5.01 cut**)
T-08-13	89.8	93.8	4.0	67.08 (11.08 cut***)

*one sample cut from 39.8 g/t Au to 30.0 g/t Au

** samples cut from 257 g/t Au and 96.7 g/t Au to 30.0 g/t Au

*** one sample cut from 254.0 g/t Au to 30.0 g/t Au

Holes T-08-02 to T-08-05 were drilled to test a NW-trending structure that cuts the north end of the Tabakoto pit. These intercepts indicate the presence of a NW mineralized structure that locally has high gold grades. Assays are pending for four more holes that have been drilled to test the NW structure. Avion will evaluate the grade and continuity of this structural trend once all assays have been received.

Holes T-08-07 to T-08-13 were drilled to test the northward continuation of the Tabakoto mineralized trend. The near-surface intercepts in holes T-08-07, T-08-08 and T-08-09 appear to form a coherent 75+ metre long zone of potentially open-pittable mineralization starting 50 metres north of the northern edge of the Tabakoto pit.

Holes T-08-12 and T-08-13 were drilled to further test the northern extension of the Tabakoto trend some 250 metres and 450 metres north of the edge of the Tabakoto pit, respectively and ~500 metres south of previously reported (on August 21st, 2008), hole DS-08-01 which returned 13.56 g/t (5.49 g/t cut) over 22.5 metres.

Twenty-three additional holes were drilled to test targets situated near the Segala and Tabakoto deposits. These targets included Dar Salam (8 holes), Dioulafoundou (4 holes), Famakan (2 holes), Moralia area (6 holes) and a soil anomaly area identified earlier this season (2 holes). Hole DS-08-01, which tested the Dar Salam zone, returned 13.56 g/t gold (Au) over 22.5 metres core length from 40.5 to 64.5 metres hole depth and 20.80 g/t Au over 4.9 metres core length from 86.1 to 91.0 metres hole depth and represents the best results to date. Note there is not enough information to estimate the true widths of the drill intercepts. Hole DS-08-01, which is shallow enough to represent potentially open pittable material, is located approximately 800 metres northeast of the Tabakoto pit, on the northward continuation of the mineralized Tabakoto trend. The hole was drilled 35 metres above a previous intercept that returned 16.05 g/t Au over 3.0 metres core length. Three holes were drilled to trace this mineralization both along strike and to depth.

The Dioulafoundou area was tested with three holes along a 600 metre portion of the target area. All three holes intersected significant gold values with hole D-08-03 returning 10.96 g/t Au over 6.0 metres.

Compilation, mapping, re-sampling

Avion has compiled all previous exploration data and used this data to guide the 2008 drill program. New data acquired and being acquired includes: 1:500 scale Tabakoto pit geology, verification of the grade of the 2.5 g/t Au, 1.8 g/t Au and 1.5 g/t Au stockpiles on the ROM pad, determination of the grade of the tailings pond tails and bottle roll testing of low grade material to determine if leaching can recover additional gold.

Ethiopia Properties

The Ethiopian properties consist of four large property groups totalling over 4,000 km² that cover exposed areas of the neo-Proterozoic Nubian-Arabian greenstone belt. Each of the greenstone belts display potential for shear-zone hosted gold with the northern-most belt displaying potential for VMS deposits. The Northern properties comprise some 2,674 km² in three blocks that overly a variably sheared mixture of felsic to mafic volcanics, sediments and felsic to ultramafic intrusions. Work on the northern group of the Ethiopia properties continued under the guidance of Aberdeen until December 2007. Initial work by Aberdeen comprised a heliborne magnetic and radiometric survey and select EM surveys completed in July and acquisition of satellite images. In November and December of 2007 ground follow-up of a select group of airborne electromagnetic anomalies through the installation of sample control grids and the collection of over 950 rock samples was carried out. Assay results from these samples indicated several areas of gold enrichment that could be targets of follow-up analysis but no base metal mineralization. In March 2008 a regional silt sampling program was initiated resulting in the collection of 1,148 samples. Analytical results indicate several areas exhibiting gold enrichment in the streams that could be targets for follow-up analysis.

The Western properties comprise approximately 2000 km² of greenstone belt with several known gold and base metal occurrences. Initial property work has consisted of site visits to some of the known occurrences, heliborne magnetic and radiometric surveys and the acquisition of satellite images. A soil sampling program was carried out in May 2008 along an 8 km long zone of likely auriferous quartz veins in the Agusha area, as evidenced by the extensive amount of previous artisanal pits. Avion also completed some follow-up sampling on work in the Menghi area carried out by Golden Star Resources in the mid-90's which returned trench samples grading 5.27g/t Au over 23.8 m and drill intercepts to 7.20 metres grading 8.49 g/t Au. An initial survey of an extensive area of artisanal working in the Mount Dul area was not carried out. An evaluation of the soil and rock sample data is in progress.

Avion has not been able to finalize the acquisition of the Dawa, Moyale and Didessa properties. The Dawa property lies along strike of Midroc Gold's Lega Dembi mine and their newly announced East Sarkaro deposit. Previous work has identified several gold showings on the property. Compilation work and a site visit will dictate the next steps for these important concessions.

The Moyale property in the southern property group lies immediately north of the Kenyan border in the Adola area. Previous work carried out by the Ethiopian government identified numerous gold-bearing quartz veins, one of which hosts a non-43-101 compliant resource. A site visit indicated that the above zone lies underneath an unofficial refugee camp and as such no further work is contemplated in the deposit area. A compilation of the project area to determine the best way to evaluate this property is being carried out.

The Didessa property, comprising 648 km², lies approximately 40 km southwest of the Western property group. Didessa is known to host both gold and base metal occurrences. A field evaluation and data compilation of this property will be carried out when time permits.

The Company is reviewing various strategic alternatives with respect to the Ethiopian properties.

Don Dudek, P.Ge. Avion's Senior VP Exploration and Director is the Qualified Person for this MD&A as defined under National Instrument 43-101 and is responsible for the technical and scientific work carried out and has reviewed and approved the information presented in this MD&A.

RESULTS OF OPERATIONS

For the quarter ended August 31, 2008

The Company reported a net loss of \$1,139,336 (\$0.02 per share) for the third quarter of 2008 compared to net loss of \$51,773 (\$0.01 per share) for the third quarter of 2007.

A non-cash stock based compensation expense of \$253,344 (Q3 2007: \$nil) was recorded for the quarter ended August 31, 2008 related to the estimated fair value of stock options that vested during the quarter (Q3 2007: nil). A total of 84,000 stock options were granted to directors, officers and consultants of the Company during the quarter. Stock based compensation was estimated using the Black-Scholes option pricing model.

The Company recorded \$71,405 in accretion expense related to the Company's asset retirement obligations acquired through the acquisition of the Mali projects. Also the Company wrote off \$469,059 in deferred property and exploration costs related to the Dundonald project, an option the Company is no longer pursuing. These costs were not incurred during the comparative quarter.

Administrative expenses and interest, net of stock based compensation, for the quarter ended August 29, 2008 totalled \$304,223 compared to \$51,773 for the third quarter of 2007, an increase of \$252,450. All expense categories increased compared to the third quarter of 2007 as a result of an increase in activities. During the third quarter of 2007, the Company initiated management changes and expenditures started increasing.

Consulting and management costs increased by approximately \$70,000 compared to the comparative quarter as a result of additions to the management and administrative team. Professional costs increased by \$82,000 as a result of legal fees from the newly acquired subsidiaries in Mali. As well, the Company is anticipating higher audit fees as compared to last year as a result of the acquisition.

Shareholder communications costs increased by approximately \$85,000 primarily as a result of the hiring of an investor relations consultant for a five month contract. The Company also hired an in-house investor relations manager during the quarter. Travel costs increased by approximately \$15,000 for the quarter as a result of travel to the Company's newly acquired subsidiaries in Mali, Africa. Office costs increased by approximately \$22,000. A portion of this variance relates to Directors and Officers insurance costs incurred during the quarter. The Company shares office space and some resources with other companies that have common directors and officers.

The Company earned approximately \$31,000 in interest income during the quarter compared to \$nil during the comparable third quarter of 2007. In May, the Company raised \$30,050,000 through a private placement financing and excess cash was invested in short term bankers' acceptance. Interest expense of approximately \$17,000 was incurred during the current quarter related to interest payable on the outstanding US\$1,000,000 debenture owing to Aberdeen. However, the valuation of the warrants granted to Aberdeen during the previous quarter was adjusted resulting in a net credit for interest expense. Foreign exchange loss amounted to approximately \$41,000 for the current quarter.

For the nine months ended August 31, 2008

The Company reported a net loss of \$2,071,208 (\$0.05 per share) for the nine months ended August 31, 2008 compared to a net loss of \$20,447 (\$0.00 per share) for the nine months ended August 31, 2007.

Stock based compensation expense of \$907,399 (2007: \$nil) was recorded for the nine months ended August 31, 2008. The Company incurred an accretion charge of \$71,405 related to the asset retirement obligation acquired through the acquisition of the Mali projects. As well, the Company wrote off \$469,059 in property and exploration costs related to the Dundonald project. During the comparative nine month period, the Company recorded an income tax recovery of \$71,564 related to the renunciation of flow

through shares that were issued during the previous year. As well, the Company recorded \$16,811 in recoveries of expenditures.

Administrative expenses, net of stock based compensation, for the nine months ended August 31, 2008 totalled \$572,694 compared to \$109,286 for the nine months ended August 31, 2007, an increase of \$463,408.

Consulting and management costs, net of stock based compensation, increased by approximately \$117,000 as a result of the new management and administrative team compiled during the year. Professional charges increased by approximately \$99,000. Over 80% of this increase occurred during the current quarter as discussed above. As well, audit fees for the prior year were under-accrued resulting in additional charges of approximately \$13,000 during the current year.

Shareholder communications costs increased by approximately \$114,000 in large part due to the hiring of an investor relations consultant. Travel costs increased by approximately \$51,000 as a result of travel to Africa as a result of the acquisition of the Mali Projects and the Ethiopia property. Office costs increased by approximately \$54,000. Insurance costs account for \$10,000 of this increase. As well, included in shared office costs are the costs for shared computers as well as leasehold improvements.

The Company earned approximately \$60,000 in interest income during the nine months ended August 31, 2008 compared to \$232 during the comparable period as a result of excess cash invested in short term bankers' acceptance. Interest expense of approximately \$65,000 (2007: \$nil) was incurred during the current period related to flow through interest penalties, interest payable on the outstanding US\$1,000,000 debenture owing to Aberdeen, as well as a non-cash transaction fee of \$21,750 on warrants granted to Aberdeen. The Company also incurred \$4,448 in general exploration costs during the current year (2007: \$nil). During the comparative year, the Company recognized a recovery of expenditures of \$16,811. Foreign exchange loss amounted to \$46,203 for the nine month period in 2008 compared to \$nil during the comparative period.

SUMMARY OF QUARTERLY RESULTS

The summary of unaudited quarterly results has been prepared in accordance with Canadian GAAP and is qualified in its entirety by the more detailed information in the financial statements.

	Revenue \$	Income (Loss) \$	Income (Loss) per share \$	Deferred Exploration Expenditures \$
August 31, 2008	-	(1,139,336)	(0.02)	3,279,950
May 31, 2008	-	(835,615)	(0.03)	255,955
February 29, 2008	-	(96,257)	(0.01)	1,489,627
November 30, 2007	-	(815,671)	(0.15)	264,128
August 31, 2007	-	(51,773)	(0.01)	50,016
May 31, 2007	-	49,289	0.01	5,000
February 28, 2007	-	(17,963)	(0.00)	2,543
November 30, 2006	-	115,720	0.03	3,155

Fluctuations in the Company's expenditures reflect the seasonal variations of exploration, the level of corporate activity, and the ability of the Company to raise capital for its projects. The net income in the quarters ending May 31, 2007 and November 30, 2006 is a result of an accounting policy that requires the Company to record a reduction in share capital for the tax effect of expenditures renounced and if available, record a recovery in recognition of previously unrecorded future income tax assets. The Company does not have income from operations.

The large loss during the quarter ending November 30, 2007 is primarily a result of a write off of \$701,052 in exploration expenditures related to the Iron Lake project as previously discussed. The large loss during the quarter ending May 31, 2008 is a result of a non-cash stock based compensation expense of

\$654,055 related to the issue of 3,050,000 stock options during the period. The loss recognized during the quarter ending August 31, 2008 is a result of both stock based compensation expense and a write off of project costs related to the Dundonald project. Deferred exploration expenditures increased during the quarter ended November 30, 2007 as a result of the Company's new option agreements for the Dundonald property and Ethiopia properties as already discussed in the Mineral Properties section of this report. The sharp increase in deferred exploration expenditures in the first quarter of 2008 reflects option payments and the fair value of share and warrant issuances related to the Dundonald and Ethiopia option agreements. These costs increased dramatically during the quarter ending August 31, 2008 as a result of expenditures on the newly acquired Mali projects. The acquisition of the Mali projects occurred at the end of the quarter ended May 31, 2008, and acquisition costs are not included in this summary of expenditures.

LIQUIDITY AND CAPITAL RESOURCES

At August 31, 2008, the Company had \$652,384 in cash and a working capital surplus of \$2,350,233.

In December 2007, the Company completed a private placement financing. The Company raised \$300,000 in gross proceeds through the issuance of 1,111,111 units at a price of \$0.27 per unit. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at a price of \$0.36 per share until December 19, 2009. Issue costs related to this private placement amounted to \$16,354.

In May 2008, the Company completed a private placement financing whereby a syndicate of underwriters agreed to purchase 60,000,000 Subscription Receipts at a price of \$0.50 per Subscription Receipt for aggregate gross proceeds of \$30,050,000 in connection with the Company's acquisition of the Mali projects. Each Subscription Receipt entitled the holder to acquire, for no additional consideration, one unit of the Company at the Escrow Release Time. Each unit consisted of one common share and one half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at a price of \$0.65 per share for a period of 24 months after the closing date, which was May 8, 2008. The Company agreed to use its best efforts to extend the term of the warrants for an additional 12 months by i) graduating to "Tier 1" status on the TSX Venture Exchange, and ii) obtaining all necessary approvals to do so.

Pursuant to the agreement to acquire the Mali Projects, the Company agreed to a US\$1,000,000 break fee if the transaction did not close before May 2008. To post the break fee, the Company borrowed US\$1,000,000 from Aberdeen, a company that has common directors and officers. This loan matured on September 30, 2008, incurs a 10% per annum interest rate, and is secured against the assets of the Company. As consideration for the loan, the Company has agreed to issue 250,000 share purchase warrants to Aberdeen, where each warrant will entitle Aberdeen to acquire one common share of the Company at a price of \$0.38 for a period of 6 months from the date of issue. The Company negotiated an extension with Aberdeen as described in Subsequent Events.

During the three and nine months ended August 31, 2008, 50,000 options were exercised generating \$14,500.

CASH FLOWS

For the quarter ended August 31, 2008

During the quarter ended August 31, 2008, the Company spent \$1,146,984 on operating activities compared to \$88,122 during the third quarter of 2007. Non cash working capital for the current quarter was \$1,024,717 compared to \$36,349 during the third quarter of 2007.

Cash used in investing activities was \$4,442,914 during the third quarter of 2008 compared to \$50,016 during the third quarter of 2007. Cash expenditures on the Company's mineral properties were \$2,778,828 during the third quarter of 2008 compared to \$50,016 during the third quarter of 2007. The

increase in accounts payable related to exploration expenditures provided \$284,207 for the current quarter under review compared to \$nil for the comparable quarter. Equipment purchases for the current quarter were \$1,948,293 compared to \$nil for the comparable quarter. Investment in exploration properties has increased significantly as a result of the acquisition of the Mali projects. The exploration activities and results are described in the Exploration update section of this report.

Financing activities generated \$nil during the current quarter compared to \$200,000 during the comparative quarter. During the comparative quarter, the Company borrowed \$200,000 through a short term, non-interest bearing loan agreement.

For the nine months ended August 31, 2008

During the nine months ended August 31, 2008, the Company spent \$951,117 on operating activities compared to \$129,117 during the nine months ended August 31, 2007. Non cash working capital for the current period used \$594,283 compared to the use of \$37,106 during the comparable period.

Cash used in investing activities was \$28,619,300 during the nine months ending August 31, 2008 compared to \$57,559 during the nine months ending August 31, 2007. The Company paid a net cash outlay of \$22,742,661 for the acquisition of the Mali Projects in May 2008. Expenditures on the Company's mineral properties was \$4,257,790 during the current nine month period compared to \$57,559 during the comparable period. Prepaid exploration expenditures decreased by \$150,000 during the current period compared to \$nil during the comparable period of 2007. The increase in accounts payable related to exploration expenditures provided \$213,054 for the current period compared to \$nil for the comparable period. The Company incurred cash expenditures of \$1,981,903 related to the acquisition of equipment during the nine months ended August 31, 2008 compared to \$nil during the comparative period.

Financing activities from private placements generated \$27,695,240 net of issue costs during the nine months ended August 31, 2008 compared to \$nil during the comparable period of 2007. The Company received \$562,000 during the current period (2007: \$nil) in subscriptions related to the private placement from the previous year. The exercise of stock options generated \$14,500 during the nine months ended August 31, 2007 (2007: \$nil). The Company borrowed US\$1,000,000 (CDN\$994,200) during the current nine month period compared to \$nil during the comparable period.

TRANSACTIONS WITH RELATED PARTIES

The Company shares its premises with other companies that have common directors and officers, and the Company reimburses the related companies for their proportional share of the expenses. Included in accounts payable and accrued liabilities at August 31, 2008 is \$22,127 (2007: \$nil) owing to such companies.

The Company was charged \$1,000,000 in advisory fees related to the acquisition of the Mali Projects by a company controlled by Mr. Bharti, a director of the Company.

The Company and Aberdeen entered into a debenture agreement whereby Aberdeen loaned the Company \$1,000,000 in secured debt to be repaid by the Company by September 30, 2008. The interest rate with respect to the debenture is 10% per annum, calculated on a monthly basis. In consideration for the loan, the Company issued Aberdeen 250,000 share purchase warrants which can be exercised for 6 months at \$.38 per warrant.

The Company acquired an option agreement on the property in Ethiopia, Africa from Aberdeen. The terms regarding the acquired rights are described under the Mineral Properties section of the report

The Company and Aberdeen share common directors and officers. As well, Aberdeen holds more than 10% of the issued and outstanding shares of the Company.

Ethio-Gibe is controlled by a person who is an officer of the Company.

A director of the Company subscribed for 200,000 shares at a price of \$0.50 during the May 2008 private placement.

DIRECTORS AND OFFICERS COMPENSATION

Effective September 15, 2008, the Company entered into a consulting agreement with John Begeman, pursuant to which Mr. Begeman agreed to provide management services to the Corporation in the capacity of President and Chief Executive Officer. Mr. Begeman is entitled to compensation for the provision of such services in the amount of US\$15,000 per month. In the event of termination without cause, Mr. Begeman is entitled to the equivalent of 12 months in base fees. In the event of a change of control of the Company, the Company or Mr. Begeman will have one year to terminate Mr. Begeman's employment. If such an election is made, Mr. Begeman will be entitled to a lump sum termination payment equivalent to 24 months base fees plus an amount equivalent to all cash bonuses paid to him in the 24 months prior to the change of control. Mr. Begeman is entitled to participate in the stock option plan of the Company.

Effective June 1, 2008, the Company entered into a consulting agreement with Stan Bharti, a director of the Company, pursuant to which Mr. Bharti agreed to provide management services to the Company. Mr. Bharti is entitled to compensation of \$5,000 per month.

Effective June 1, 2008, the Company entered into a consulting agreement with Gregory Duras pursuant to which Mr. Duras agreed to provide management services to the Company in the capacity of Chief Financial Officer. Mr. Duras replaced Deborah Battiston who previously occupied that position. Mr. Duras is entitled to compensation of \$2,000 per month.

Effective June 1, 2008, the Company entered into a consulting agreement with Patrick Gleeson pursuant to which Mr. Gleeson agreed to provide management services to the Company in the capacity of Corporate Secretary. Mr. Gleeson is entitled to compensation of \$1,000 per month.

Other existing consulting agreements include the following:

The Company entered into a consulting agreement with Rene Bharti pursuant to which Mr. Bharti agreed to provide management services to the Company in the capacity of President and Chief Executive Officer. Mr. Bharti is entitled to compensation of \$10,000 per month. In September 2008, Mr. Bharti resigned as President and Chief Executive Officer of the Company, and accepted the position of Vice President, Corporate Development. His compensation has not changed.

The Company entered into a consulting agreement with Andrew Bradfield pursuant to which Mr. Bradfield agreed to provide management services to the Company in the capacity of Chief Operating Officer. Mr. Bradfield is entitled to compensation of \$8,333 per month.

The Company entered into a consulting agreement with Don Dudek pursuant to which Mr. Dudek agreed to provide management services to the Company in the capacity of Senior Vice President, Exploration. Mr. Dudek is entitled to compensation of \$12,500 per month.

The Company entered into a consulting agreement with Nejb Abba Biya, pursuant to which Mr. Biya agreed to provide management services to the Company in the capacity of Vice President, Project Development. Mr. Biya is entitled to compensation of \$10,000 per month.

During the three and nine months ended August 31, 2008, the Company paid \$95,833 and \$635,833 in fees and bonuses to directors of the Company (Q3 2007: \$30,000; YTD 2007: \$50,500), and \$63,999 and \$344,892 (Q3 2007: \$1,000; 2007: \$1,000) in fees and bonuses to officers of the Company as remuneration for the services they provided as directors and officers. During the three and nine months ended August 31, 2008, 100,000 and 3,660,000 stock options respectively were granted to directors and officers of the Company, compared to nil during the comparative periods.

SHARE DATA

The authorized capital of the Company consists of an unlimited number of common shares of which 75,764,954 were issued and outstanding as of the date of this report.

Pursuant to the Company's Stock Option Plan, the number of common shares reserved for issuance under the Plan in aggregate shall not exceed 10% of the total number of issued and outstanding common shares on a non-diluted basis. As at the date of this report, 6,470,000 stock options are outstanding at exercise prices ranging from \$0.20 to \$0.65 expiring between January 10, 2013 and September 19, 2013.

There are 3,606,000 broker options outstanding at the date of this report with an exercise price of \$0.65 expiring May 8, 2010.

The following table sets out all the outstanding share purchase warrants in Avion as at the date of this report:

Expiry Date	Exercise Price (\$)	Warrants Outstanding
October 12, 2009	0.29	9,949,996
December 19, 2009	0.36	1,111,111
July 31, 2009	0.48	1,500,000
May 8, 2010	0.65	30,050,000
		42,611,107

Avion has no performance shares or escrow shares.

All common shares, options and warrants and per share amounts have been restated to reflect the 3:1 consolidation that took place on June 21, 2007.

RISKS AND UNCERTAINTIES

The Company's principal activity is mineral exploration and development. 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 has no significant source of operating cash flow and no revenues from operations. The Company has not yet determined whether its mineral properties contain mineral reserves that are economically recoverable. The Company has limited financial resources and the Company is currently offside certain of its debt arrangements. Substantial expenditures are required to be made by the Company to establish reserves.

Mining operations generally involve a high degree of risk. Avion's current projects are currently subject to preliminary exploration work and are extremely speculative. The Tabakoto Project was placed on care and maintenance as a result of, among other things, the failure to realize projected recoveries for the project. The Company's operations are subject to the hazards and risks normally encountered in mineral exploration, development and production, including incorrect geological analysis, differences between modeled and actual outcomes, environmental hazards, explosions, unusual or unexpected geological formations or pressures and periodic interruptions in both production and transportation due to inclement or hazardous weather conditions. Such risks could result in damage to, or destruction of, mineral properties or producing facilities, personal injury, environmental damage, delays in mining, monetary losses and possible legal liability.

Mineral exploration is highly speculative in nature. There is no assurance that exploration efforts will be successful. Even when mineralization is discovered, it may take several years until production is possible,

during which time the economic feasibility of production may change. Substantial expenditures are required to establish proven and probable mineral reserves through drilling. Because of these uncertainties, no assurance can be given that exploration programs will result in the establishment or expansion of mineral resources or mineral reserves. There is no certainty that the expenditures made towards the search and evaluation of mineral deposits will result in discoveries or development of commercial quantities of ore.

Resource estimates and estimates of cash operating costs are, to a large extent, based upon the interpretation of geologic data obtained from drill holes and other sampling techniques and feasibility studies, which derive estimates of cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed, ground conditions, the configuration of the ore body, expected recovery rates of minerals from the ore, estimated operating costs, anticipated climatic conditions and other factors. As a result, actual production, cash operating costs and economic returns could differ significantly from those estimated.

At present, substantially all of the operations of Avion will be in Africa and, as a result, the operations of the Company are exposed to various levels of political, economic and other risks and uncertainties associated with operating in foreign jurisdictions. These risks and uncertainties include, but are not limited to, currency exchange rates; high rates of inflation; labour unrest; renegotiation or nullification of existing concessions, licences, permits and contracts; changes in taxation policies; restrictions on foreign exchange; changing political conditions; currency controls; and governmental regulations or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. Changes, if any, in mining or investment policies or shifts in political attitude in Ethiopia or Mali may adversely affect the operations or profitability of the Company. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, import or export controls, currency remittance, income taxes, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure, could result in loss, reduction or expropriation of entitlements. The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the operations and profitability of Avion.

Gold is sold in U.S. dollars, thus Avion is subject to foreign exchange risks relating to the relative value of the Canadian dollar and local currencies as compared to the U.S. dollar. To the extent that the Company generates revenues upon reaching the production stage on its properties, it will be subject to foreign exchange risks as revenues will be received in U.S. dollars while operating and capital costs will be incurred primarily in Canadian dollars and the currency of the country in which projects are located. A continuing decline in the U.S. dollar would result in a decrease in the real value of the Company's revenues and adversely impact the Company's financial performance.

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.

COMMITMENTS

The Company is party to certain management contracts. These contracts contain clauses requiring additional payments of up to \$600,000 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 \$500,000 due within one year.

The Company is contracted to purchase fuel as required, however if the contract was terminated, the Company would be obligated to pay the net book value of the facilities, valued at approximately US\$1,350,000 at August 31, 2008.

MANAGEMENT CHANGES

In September 2008, the Company appointed Mr. John Begeman to the position of President and CEO. Mr. Begeman is a mining engineer with over 30 years of mining experience. He was previously the Chief Operating Officer of Zinifex Canada Inc. (formerly known as Wolfden Resources Inc.), and the former VP, Western Operations of Goldcorp Inc. Mr. Begeman replaces Mr. Rene Bharti, who will remain with the Company as Vice President, Corporate Development as well as a Director of the Company.

SUBSEQUENT EVENTS

Avion Resources Corp. announced on October 9th, 2008 that it has entered into an agreement to sell 50% of its interest in the Segala gold project located in Mali, West Africa to Dynamite Resources Inc. (the "Transaction"). Avion Resources would retain a 40% interest in the Segala Gold Project, with the remaining 20% interest held by the Government of Mali. Avion Resources also holds an 80% interest in the neighbouring Tabakoto gold project and its related mining infrastructure and processing facilities.

In consideration for acquiring a 40% interest in Segala, Dynamite Resources Inc. ("Dynamite"), a Canadian junior mining company, has agreed to pay US\$5 million. This amount is to be provided to Avion Resources as a short-term loan. Upon satisfaction of certain conditions precedent, the principal amount of the loan shall be applied as the purchase price for the Transaction. Conditions precedent to the closing of the Transaction include the receipt of all necessary third party approvals, including approval of the TSX Venture Exchange and the Government of Mali, as required.

Avion Resources shall be entitled to re-purchase from Dynamite a 20% interest in the Segala property (the "Back-in Right"), so that it holds an aggregate 60% interest in the property, in consideration for a cash payment equal to: (i) US\$10 million, and (ii) an amount equal to the revenue realized by the Corporation in respect of the sale of the first 22,000 ounces of gold produced from Segala, less any and all amounts paid by Avion Resources to Dynamite in respect of such sales, and less all direct expenditures and costs incurred in respect of the Gold produced at Segala.

The Corporation and Dynamite have agreed to enter into a Joint Venture in respect of the Segala project that shall commence on the exercise or expiry of the Back-in Right. Avion Resources shall have the right to drag-along Dynamite in the event of any change of control affecting the property and Dynamite shall hold a right of first refusal in respect of any sale of an interest held by the Corporation in the Segala and/or Tabakoto properties.

Dynamite has agreed to provide the Corporation with a US\$5 million loan. The loan is to be secured against the assets of Avion Resources and the shares of its subsidiaries. Amounts outstanding under the loan shall accrue interest at a rate of 10% per year. The loan shall mature upon the occurrence of certain conditions and no later than March 31, 2010.

The Company and Dynamite have an officer and director in common.

The Company has entered into an agreement with Aberdeen with respect to the US\$1,000,000 debenture that is payable on September 30, 2008. Aberdeen has granted a one year extension to the Company whereby the debenture will become due and payable on September 30, 2009. In exchange for this debenture, the Company will be required to pay US\$25,000 on October 31, 2008 and another US\$25,000 on March 31, 2009. As well, subject to regulatory approval, the Company will be required to issue 2,000,000 warrants of the company at an exercise price of \$0.20 per common share exercisable one year from the date of grant. And also, the principle of the debenture will increase 30% for each \$100 incremental increase in the price of gold starting at a base price of \$900.

SIGNIFICANT ACCOUNTING POLICIES

Except as disclosed below, these interim consolidated financial statements are prepared using the same accounting policies and methods of application as those disclosed in note 3 to the Company's Audited Annual Financial Statements for the period ended November 30, 2007.

Additional accounting policies:

(i) Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its newly-acquired, 100% owned subsidiary which ultimately owns an 80% interest in the Mali Projects (Note 7).

(ii) Foreign Currency Translation

The Company's foreign subsidiaries are considered to be integrated foreign operations. Accordingly, transactions and account balances originally stated in currencies other than the Canadian dollar are translated using the temporal method whereby monetary items are translated at the exchange rate in effect at the balance sheet date; non-monetary items are translated at historical exchange rates; and revenue and expenses are translated at the exchange rate in effect on the dates that they occur.

(iii) Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks and short-term investments with original maturities of three months or less. Cash and cash equivalents are held in Canadian chartered banks or a financial institution controlled by a Canadian chartered bank.

(iv) Inventory

The Company adopted CICA Handbook Section 3031 "Inventories". This standard replaces the previous inventories standard and requires inventory to be measured at the lower of cost and net realizable value and includes guidance on the determination of cost, including allocation of overheads and other costs to inventory. Further, it requires the reversal of previous write-downs to net realizable value when the economic circumstances have changed to support an increased inventory value. The adoption of this standard has had no material impact on the Company's consolidated financial statements.

(v) Property, Plant and Equipment

Equipment is recorded at cost. Amortization is provided on a straight line basis over the following number of years:

Field equipment	5 years
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New accounting pronouncements:

On December 1, 2006, the CICA issued three new accounting standards: Capital Disclosures (Handbook Section 1535), Financial Instruments – Disclosures (Handbook Section 3862), and Financial Instruments – Presentation (Handbook Section 3863). These new standards became effective for the Company on December 1, 2007.

(i) Capital Disclosures

Handbook Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences

of such noncompliance. The Company has included disclosures recommended by the new Handbook section in note 4 to these interim consolidated financial statements.

(ii) Financial Instruments - Disclosures and Presentation

Handbook Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments – Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The Company has included disclosures recommended by the new Handbook section in note 5 to these interim consolidated financial statements.

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 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 properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. 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 changes in the Company's approach to capital management during the three and nine months ended August 31, 2008.

FINANCIAL RISK FACTORS

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

The Company's credit risk is primarily attributable to amounts receivables included in other assets. The Company has no significant concentration of credit risk arising from operations. Financial instruments included in assets consist of Goods and Services Tax due from the Federal Government of Canada, employee advances and reimbursable costs, gold sales receivables, and a fuel duty receivable which is due from the Government of Mali, recoverable by way of offset against royalties and any taxes otherwise payable to the Government of Mali. Management believes that the credit risk concentration with respect to these financial instruments is remote.

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 August 31, 2008, the Company had a cash balance of \$652,384 and subscriptions receivable of \$nil (November 30, 2007 - \$956,861 and \$562,000) to settle current liabilities of \$2,761,457 (November 30, 2007 - \$327,615). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms, save for a short term

debenture and accumulated interest expense of US\$1,010,685 (CDN\$1,073,954) due on September 30, 2008.

Market risk

(a) Interest rate risk

The Company has cash balances and interest-bearing debt at August 31, 2008. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. The Company's interest bearing debt has a fixed interest rate of 10% and is short term. The Company considers interest rate risk to be minimal as investments and interest bearing debt are short term, the interest rate on the short term debt is fixed, and future financing will be primarily secured from private placements.

(b) Foreign currency risk

The Company's functional currency is the Canadian dollar. The Company funds certain operations, exploration and administrative expenses in Africa on a cash-call basis using the Ethiopian Birr currency and the Euro, converted from its Canadian dollar bank accounts. The Company's Malian subsidiaries operate in CFA Francs ("XOF") for which Malian banks offer a floating rate of exchange with the Euro. Management does not hedge its foreign exchange risk.

(c) Price risk

The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

Sensitivity analysis

The Company has designated its cash as held-for-trading, measured at fair value. Amounts receivable and the fuel duty receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable, accrued liabilities and short term debt are classified as other financial liabilities, which are measured at amortized cost. The Company's investment in a private mineral exploration company is measured at cost as the investment does not have a quoted market price in an active market.

As at August 31, 2008, the carrying and fair value amounts of the Company's financial instruments are the same, and there were no changes that occurred that attributed to credit risk.

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a three month period.

As a result of the Company's activities in Ethiopia and Mali, the Company is exposed to foreign exchange risk. The Company's functional currency is the Canadian Dollar. The Company is exposed to currency risk on settlements of purchases that were denominated in currencies other than the functional currency. The currency exposures are primarily to the United States Dollar (USD), Euro (EURO), West African CFA Franc (XOF) and the South African Rand (ZAR).

The Company has commenced preliminary production of gold during the current quarter, and anticipates going into commercial production in 2009. As a result, fluctuations in the price of gold can dramatically affect the results of operations.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's Financial Statements in conformity with Canadian GAAP 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 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 or expensed, and estimates for asset retirement obligations and reclamation costs. Other significant estimates made by the Company include factors affecting valuations of stock based compensation and the valuation of 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

OFF BALANCE SHEET ITEMS

The Company does not have any off balance sheet items

OUTLOOK

Avion has now completed an aggressive exploration program on the Tabakoto and Segala properties designed to confirm current understandings of the mineralization at the property and define mineable resources as part of a \$5 million dollar, minimum 15,000 metre diamond drill program. In conjunction with this effort Avion will also determine the best way to re-initiate gold production in the shortest feasible time frame. The property hosts in excess of 10 variable-tested gold zones which are directly related to gold in soil anomalies. Numerous untested soil anomalies occur on the property.

CAUTIONARY NOTE ON FORWARD-LOOKING INFORMATION

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.

October 20, 2008