

Untapped Wealth
August 2011 Edition

Riding The Gold Bullet

Since that we covered Extorre gold Mines during the last newsletter month, I want to turn to another junior miner that I feel has very significant potential.

The company, Avion Gold Corp ((AVGCF.PK: \$2.27*)) engages in the acquisition, exploration, development, and operation of gold properties in west Africa. The company's flagship properties include the Tabakoto and Segala gold projects comprising approximately 101 square kilometers (sq. km) of land package located in Mali.

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 138,660 ounces of gold produced to date. 2011 production is estimated to be 100,000 ounces.

Avion embarked on an Aggressive program of building shareholder value. In early 2010 Avion acquired the adjacent Kenieba Property from Great Quest Metals Limited which added an inferred resource of 324,000 ounces of gold to Avion's resource base.

Following that in October of 2010 Avion acquired the 1,670km² Hounde Property in Burkina Faso from Avocet. This property hosts at least eight gold zones and has added an indicated and inferred resource of 610,000 ounces of gold to the Avion's resource base.

In December 2010 Avion announced the acquisition of the Kofi Project from AXMIN Inc. which added 660,000 indicated and inferred ounces to Avion's Resource Base. Recently Avion increased its ownership at the Kofi Project by acquiring African Goldfields Corporation's interest in the property and added an indicated and inferred resource of 83,100 ounces of gold.

Production sustainability has been supported and enhanced by an aggressive drill program over an approximately 600 km² 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 excellent grade open pit and good grade underground mineral resources thus providing significant flexibility for Avion's future mining plans.

Additionally, the 1,670 km² Houndé exploration property in Burkina Faso have been returning promising results. These properties are the subject of an approximate US\$ 13 million, approximate 75,000 metre, drill-focused, exploration program in 2011.

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 and Tabakoto South Deposits and developing an underground mine at the Tabakoto deposit, and is preparing to mine underground at the Ségala deposit.

Q1-2011 HIGHLIGHTS

During the three-month period ending March 31, 2011, the following significant activities occurred:

- ▲ Avion produced 20,270 ounces of gold during the quarter after final refinery adjustments at a cash cost per ounce produced of \$462. (Please refer to non-GAAP measures).
- ▲ Avion processed 180,800 tonnes of ore at an average grade of 3.64 g/t Au. Most of the ore processed was mined from the Segala open pit in Q4-2010 and had been stockpiled for processing in Q1-2011.
- ▲ The average mill recovery for the quarter was 96.2%.
- ▲ Expansion plans continued at Tabakoto, consisting of the following activities:
 - ▲ 1,332 m of underground development was completed at the Tabakoto deposit, plus a ventilation raise. Over 13,000 tonnes of development ore was mined from various zones within the deposit. Development remains on plan to enable production in 2012.

Over 1.87 million tonnes of oxide waste material was mined at the Dioulafoundou deposit, and over 46,000 tonnes of ore was mined during Q1-2011. By the end of the quarter, the waste pre-stripping

program was completed, allowing access to ore in the future at a reduced strip ratio.

Purchase orders and down payments were submitted to vendors for the remaining long lead time equipment required for the planned plant expansion to 4,000 tonnes per day in 2012. The project remained on schedule and within budget.

- ▲ On January 11 Avion announced the discovery of a new zone of gold mineralization, Kofi C West zone, which returned 3.58 g/t Au over 83.7 metres. In addition Avion announced an intersection of Kofi C zone which returned 6.05 g/t Au over 27.0 metres.
- ▲ On January 26 Avion announced the discovery of two new zones of mineralization on the Houndé property, the Bouéré zone, which returned 3.84 g/t Au over 47.5 metres and the Grand Espoir zone, which returned 0.55 g/t Au over 33.0 metres.
- ▲ On March 7 Avion released the results of a recent airborne VTEM survey that was carried out over the Kofi Project which demonstrated the northward continuation of the Loulo structural corridor on the Kofi Property. This structural corridor hosts in excess of 17,000,000 ounces of Au in Randgold's Loulo and Goukoto project areas.

RESULTS OF OPERATIONS

For the three months ended March 31, 2011

The Company reported net income of \$12,564,705 (\$0.03 per share, basic and diluted) for the three months ended March 31, 2011 compared to \$663,279

(\$0.00 per share, basic and diluted) for the three months ended March 31, 2010.

During Q1-2011, the Company sold 22,583 ounces of gold and generated \$31,489,868 in gold sales revenue. In Q1-2010, 17,298 ounces of gold was sold generating \$19,466,619 in gold sales revenue. Mining and processing costs were \$13,017,240 (Q1-2010: \$11,409,242), which includes \$385,304 (Q1-2010: \$191,150) in amortized deferred stripping costs, and the Company recorded amortization and depletion of \$1,560,056 (Q1-2010: \$1,407,716).

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 Q1-2011. Royalties expense totaled \$1,473,593 (Q1-2010: \$1,358,440) for the ounces of gold sold during Q1-2011.

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.

In the End

In the end I think that having these two gold companies in your portfolio will definitely have the potential to lift it to 2011 highs. With the price of gold screaming lately, this is the place to be.

Have a great month.

Tim Fields
Editor In Chief
Untapped Wealth

* Indicates Initial Recommended Price