



PRESS RELEASE

**AVION ANNOUNCES 14% INCREASE IN Q3 PRODUCTION TO 12,500 OUNCES
WITH STEADY STATE PRODUCTION RUN-RATE IN EXCESS OF 5,000 OUNCES
PER MONTH**

NEW SEGALA MAIN INTERCEPTS OF 6.17 g/t Au OVER 31.2 METRES

AVION REDUCES NSR ROYALTIES BY 2%

Toronto, Ontario – October 26, 2009 - Avion Gold Corporation (AVR:TSXV) (“Avion” or the “Company”) is pleased to announce that it produced approximately 12,500 ounces of gold in the third quarter of 2009 (29,720 ounces year to date). This represents a 14% improvement in ounces produced over Q2 in spite of weather difficulties encountered during the third quarter. Without the operational issues, Avion had anticipated producing over 15,000 ounces of gold in Q3. Higher gold production is directly related to higher grades encountered in the pit, more effective grade control practices and 95%+ gold recoveries in the mill. These factors support Avion achieving anticipated production of 20,000 ounces of gold in Q4 and yearly guidance of 50,000 ounces of gold.

Preliminary cost data shows an expected cash cost of less than US\$710 per ounce of gold and a year to date expected cash cost per ounce of gold produced of less than US\$565⁽¹⁾. The average net realized gold sale price for the third quarter was US\$962.23/oz. The average realized gold price year to date has been US\$943.01 compared with the average London fix of US\$930.60 over the same period. This marks the second full quarter of gold production for the company at its Segala gold mine in Mali, West Africa. Avion forecasts 2009 production to be 50,000 ounces at an expected cash cost of less than US\$540 per ounce (pre-royalties).

Commenting on the Q3 2009 results, Avion’s President and CEO, Mr. John Begeman stated, “We are pleased to report an increase in quarterly production compared to the previous quarter. Notwithstanding the difficulty presented by this year’s exceptional rainy season, the mill and recovery plant are operating with 95% recovery rates. The grade delivered from the Ségala pit is meeting expectation. The operations team at site is gaining further experience with the ore body and is confident that 50,000 ounces will be produced from the mine in 2009.”

Avion Reduces Royalties by 2 % through buyout and receives over CAD \$2.3 million due to Exercise of Warrants

Avion is also pleased to announce that it has received approximately CAD \$2.3 million due to the exercise of approximately 8.0 million warrants at an exercise price of \$0.29 that were due to expire on October 12, 2009.

In addition, Avion announces that it is buying out the 2% Royalty due to Heraklion Ltd. (formerly held by Prye Company AB and KAZ Invest AB). Heraklion Ltd. (“Heraklion”) currently holds a 2% net smelter royalty in respect to the Tabakoto and Ségala properties. Terms of the royalty buyout are as follows:

- Company agrees to pay Heraklion USD \$1 million in cash
- Company will also issue to Heraklion 3,500,000 common shares
- Company further agrees to issue to Heraklion 1,000,000 common share purchase warrants exercisable for CAD \$0.60 for two years from the date of issuance

The terms of the royalty buyout remain subject to regulatory approval, including without limitation, approval of the TSX Venture Exchange.

Avion’s President and CEO, Mr. John Begeman stated, “We are pleased to see that our shareholders saw the value in the \$0.29 warrants, and hence chose to exercise them before the expiry date. Furthermore, the Royalty Buyout allows Avion to retain more revenue from gold sales for the Company, especially given the current gold price environment.”

Avion Announces Ségala Main Drill Results

Avion’s drill results continue to demonstrate the continuity of the gold mineralization at the Ségala main zone and the strength of the mineralizing system with an intercept of 6.17 g/t Au (5.94 g/t Au capped) over 31.2 metres core width (19.1 metres true width) in in-fill hole S-09-26 (see appendix A <http://aviongoldcorp.com/Theme/Avion/files/oct262009.pdf>). This hole is one of seven additional holes that were drilled to test the down plunge continuity of the Ségala Main zone bringing the total to 23 holes drilled to date. Results are still pending for eight of the 23 holes. Avion’s 2009 drilling program is nearly complete with approximately 100 drill holes totaling 21,000 metres drilled with results released for 16 drill holes to date. A summary of the new results are as follows:

- S-09-22B – 2.63 g/t Au over 72.5 metres (45.9 metres true width)
- S-09-23 – 2.63 g/t Au over 12.4 metres (7.7 metres true width)
- S-09-24A – 2.49 g/t Au over 49.9 metres (25.4 metres true width)
- S-09-25 – 5.65 g/t Au over 25.8 metres (12.2 metres true width)
- S-09-26 – 6.17 g/t Au over 31.2 metres (19.1 metres true width)
- S-09-27 – 5.32 g/t Au over 39.4 metres (25.1 metres true width)
- S-09-28 – 3.60 g/t Au over 49.5 metres (38.7 metres true width)

These holes will form the basis for an updated resource for the Ségala Main zone that Avion expects to have completed before year-end. Both uncapped and capped (27.5 g/t Au capping applied) assay results are presented at the end of this news release. (See Appendix B for Long Section <http://aviongoldcorp.com/Theme/Avion/files/oct262009.pdf>).

Avion's procedures for handling drill core comprise initial descriptions and logging into a Microsoft Access 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 of Exploration, Don Dudek, P. Geo. These samples were then delivered to a representative of SGS Mineral Service based in Kayes, Mali. 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. 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 (Avion: December 12th, 2008 news release).

Don Dudek, P.Geo., the Senior Vice President, Exploration of the Company and a qualified person under National Instrument 43-101, has reviewed the scientific and technical information in this press release.

About Avion Gold Corporation

Avion is a Canadian-based gold company focused in West Africa. The Company holds 80% of the Tabakoto and Ségala gold projects in Mali . Gold production at these projects has commenced, with approximately 50,000 ounces of production forecast for 2009 rising to 101,400 ounces in 2012. Avion has a highly skilled management team, with a focus on growth and consolidation within West Africa. Avion expects to publish a full set of financial statements for the Company on November 19th with a conference call to discuss results, the date and time of which is to be determined prior to the release.

FOR FURTHER INFORMATION PLEASE CONTACT:

Avion Gold Corporation
Rene Bharti
VP Business Development
(416) 861-5913
Email: rene@aviongoldcorp.com

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Cautionary Notes

This press release contains "forward looking information" within the meaning of applicable Canadian securities legislation. Forward looking information includes, but is not limited to, statements with respect to the use of proceeds from the exercise of warrants and their effect on the results on the future financial or operating performance of the Company, the terms of the royalty buyout, its effect on the company and the receipt of all necessary approvals, the prospective mineralization of the properties, planned exploration programs, anticipated production schedule and terms. 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 state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". 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: general business, economic, competitive, geopolitical and social uncertainties; the actual results of current exploration activities; acquisition risks; and other risks of the mining industry. Although 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 information 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.

- (1) All cash cost amounts for Q3-2009 and 2009 YTD are preliminary and based on initial end period estimates. Final adjustments may be required. Estimates for cash costs do not include royalties payable. Complete cash cost details will be provided with Avion's full third quarter financial results release

Appendix A

HOLE-ID	FROM	TO	Sample Length	True Width	Au	Capped
S-09-22B	137.2	142.4	4.8	2.7	1.56	1.56
S-09-22B	150.2	222.7	72.5	45.9	2.63	2.6
incl.	169.7	179.1	9.4	6.8	3.07	3.07
incl.	186.3	200.6	14.3	9.1	5.22	5.22
incl.	215.7	221.0	5.3	3.4	12.20	11.69
S-09-22B	233.0	234.0	1.0	0.7	2.75	2.75
S-09-23	217.5	219	1.5	0.9	4.43	4.43
S-09-23	223.3	236.7	12.4	7.7	2.57	2.57
incl.	233.8	235.7	1.9	1.2	10.1	10.10
S-09-23	247.3	247.8	0.5	0.3	16.35	16.35
S-09-23	258.2	258.8	0.6	0.3	3.67	3.67
S-09-23	262.1	264.7	2.6	1.4	2.39	2.39
S-09-23	277.0	279.8	2.8	1.9	1.43	1.43
S-09-23	292.0	296.0	4.0	2.7	3.88	3.88
S-09-23	298.3	305.0	6.7	4.4	1.20	1.20
S-09-24A	198.5	199.6	1.6	0.8	1.70	1.70
S-09-24A	205.0	206.0	1.0	0.5	3.33	3.33
S-09-24A	221.7	271.6	49.9	25.4	2.49	2.41
incl.	221.7	227.0	5.3	2.7	4.70	4.70
incl.	239.8	254.7	14.9	7.5	4.66	4.1
S-09-24A	283.3	286.8	3.5	1.8	1.35	1.35
S-09-24A	291.8	296.7	4.9	2.8	1.15	1.15
S-09-25	76.8	77.5	0.7	0.7	3.09	3.09
S-09-25	416.0	441.8	25.8	12.2	5.65	5.39
S-09-26	230.4	231.4	1.0	0.8	1.74	1.74
S-09-26	293.0	300.6	7.6	4.4	2.05	2.05
S-09-26	307.9	339.1	31.2	19.1	6.17	6.00
S-09-26	357.4	359.6	2.2	1.5	1.76	1.76
S-09-27	198.0	199.0	1.0	1.0	1.65	1.65
S-09-27	226.6	227.4	0.8	0.7	1.60	1.60
S-09-27	230.0	240.5	10.5	8.6	1.23	1.23
S-09-27	244.0	283.2	39.2	25.1	5.32	4.63
incl.	244.0	258.0	14.0	11.2	9.53	7.61
incl.	263.7	283.2	19.6	13.9	3.72	3.72
S-09-27	292.4	295.2	2.8	2.0	1.52	1.52
S-09-28	148.2	149.1	0.9	0.7	2.72	2.72
S-09-28	154.0	207.6	49.5	38.7	3.60	2.92
incl.	185.3	191.7	6.4	4.8	6.03	6.03
S-09-28	213.3	214.4	1.1	0.9	1.73	1.73

Appendix B

Long Section Segala Main Zone

