

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 20-F

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

or

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2015

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

or

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Date of event requiring this shell company report _____

Commission File Number 001-35254

AVINO SILVER & GOLD MINES LTD.

(Exact name of Registrant as specified in its charter)

Not Applicable

(Translation of Registrant's name into English)

British Columbia, Canada

(Jurisdiction of incorporation or organization)

570 Granville Street, Suite 900 Vancouver, British Columbia V6C 3P1, Canada

(Address of principal executive offices)

David Wolfen, 570 Granville Street, Suite 900 Vancouver, British Columbia V6C 3P1, Canada,

Tel: 604-682-3701, Email: dwolfen@avino.com

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Common Shares, without Par Value

Title of Each Class

NYSE MKT

Name of Each Exchange on Which Registered

Securities registered or to be registered pursuant to Section 12(g) of the Act:

Not Applicable

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

Not Applicable
(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

There were 37,298,009 common shares, without par value, issued and outstanding as of December 31, 2015.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP

International Financial Reporting Standards as issued
by the International Accounting Standards Board

Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS.)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes No

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Introduction

In this Annual Report on Form 20-F, which we refer to as the “Annual Report”, except as otherwise indicated or as the context otherwise requires, the “Company”, “we”, “our” or “us” refers to Avino Silver & Gold Mines Ltd.

We were incorporated by Memorandum of Association under the laws of the Province of British Columbia on May 15, 1968, and on August 22, 1969, by virtue of an amalgamation with Ace Mining Company Ltd., became a public company whose common shares are registered under the United States Securities Exchange Act of 1934, as amended, and changed its name to Avino Mines & Resources Limited. On April 12, 1995, we changed our corporate name to International Avino Mines Ltd. and effected a reverse stock split of one common share for every five common shares outstanding. On August 29, 1997, we changed our corporate name to Avino Silver & Gold Mines Ltd. to better reflect our business of exploring for and mining silver and gold. Our principal executive office is located at Suite 900, 570 Granville Street, Vancouver, British Columbia V6C 3P1, Canada.

You should rely only on the information contained in this Annual Report. We have not authorized anyone to provide you with information that is different. The information in this Annual Report may only be accurate on the date of this Annual Report or on or as at any other date provided with respect to specific information.

Currency

Unless we otherwise indicate in this Annual Report, all references to “Canadian Dollars”, “CDN\$” or “\$” are to the lawful currency of Canada and all references to “U.S. Dollars” or “US\$” are to the lawful currency of the United States.

Forward-looking Statements

Certain statements contained in this document, other than statements of historical fact, including, without limitation, those concerning the economic outlook for the silver mining industry, expectations regarding silver prices, production (or, “extracting and processing resources”), cash costs and other operating results, growth prospects and outlook of the Company’s operations, individually or in the aggregate, including the commencement of extracting and processing resources at levels intended by management at certain of the Company’s projects, the Company’s liquidity and capital resources and capital expenditure, and the outcome and consequences of any potential or pending litigation or regulatory proceedings, contain forward-looking statements regarding the Company’s operations, economic performance and financial condition.

These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company’s actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in these forward-looking statements. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, amongst other factors, changes in economic and market conditions, success of business and operating initiatives, changes in the regulatory environment and other government actions, fluctuations in silver prices and exchange rates, political changes in Mexico, competition for resource properties and infrastructure in the mineral exploration industry, the Company’s ability to obtain additional financing, and business and operational risk management and other factors as determined in “Item 3.D.: Key Information – Risk factors” and elsewhere in this annual report. These factors are not necessarily all of the important factors that could cause the Company’s actual results to differ materially from those expressed in any forward-looking statements. Other unknown or unpredictable factors could also have material adverse effects on future results.

The Company undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this annual report or to reflect the occurrence of unanticipated events, except as may be required by law. All subsequent written or oral forward-looking statements attributable to the Company or any person acting on its behalf are qualified by the cautionary statements herein.

Cautionary Note to United States Investors Concerning Estimates of Measured and Indicated Mineral Resources

In Canada, an issuer is required to provide technical information with respect to mineralization, including reserves and resources, if any, on its mineral exploration properties in accordance with Canadian requirements, which differ significantly from the requirements of the Securities and Exchange Commission (the "SEC") applicable to registration statements and reports filed by United States companies pursuant to the United States Securities Act of 1933, as amended (the "Securities Act"), or the United States Securities Exchange Act of 1934, as amended (the "Exchange Act"). As such, information contained in this annual report concerning descriptions of mineralization under Canadian standards may not be comparable to similar information made public by United States companies subject to the reporting and disclosure requirements of the SEC. In particular, this annual report on Form 20-F includes the terms "mineral resource," "measured mineral resource," "indicated mineral resource" and "inferred mineral resource". Investors are advised that these terms are defined in and required to be disclosed under Canadian rules by National Instrument 43-101 ("NI 43-101"). **U.S. investors are cautioned not to assume that any part of the mineral deposits in these categories will ever be converted into reserves.** However, these terms are not defined terms under SEC Industry Guide 7 and are not permitted to be used in reports and registration statements filed with the SEC by U.S. domestic issuers. In addition, NI 43-101 permits disclosure of "contained ounces" of mineralization. In contrast, the SEC only permits issuers to report mineralization as in place tonnage and grade without reference to unit measures.

The definitions of proven and probable reserves used in NI 43-101 differ from the definitions in SEC Industry Guide 7. Under SEC Industry Guide 7 (under the Exchange Act), as interpreted by the staff of the SEC, mineralization may not be classified as a "reserve" for United States reporting purposes unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. Among other things, all necessary permits would be required to be in hand or issuance imminent in order to classify mineralized material as reserves under the SEC standards.

United States investors are cautioned not to assume that any part or all of the mineral deposits identified as an "indicated mineral resource," "measured mineral resource" or "inferred mineral resource" will ever be converted to reserves as defined in NI 43-101 or SEC Industry Guide 7. Further, "inferred mineral resources" have a great amount of uncertainty as to their existence and economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian securities legislation, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies, or economic studies. **U.S. investors are cautioned not to assume that part or all of an inferred mineral resource exists, or is economically or legally mineable.**

Explanatory note regarding presentation of financial information

The annual audited consolidated financial statements contained in this annual report on Form 20-F are reported in Canadian dollars. For all periods up to and including the year ended December 31, 2010, we prepared our consolidated financial statements in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). The annual audited consolidated financial statements for the year ended December 31, 2011 were our first annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and these financial statements included comparative figures for the year ended December 31, 2010 also prepared in accordance with IFRS.

GLOSSARY OF MINING TERMS

<i>agglomeration</i>	<i>Cementing crushed or ground rock particles together into larger pieces, usually to make them easier to handle; used frequently in heap-leaching operations.</i>
<i>anomalous</i>	<i>A value, or values, in which the amplitude is statistically between that of a low contrast anomaly and a high contrast anomaly in a given data set.</i>
<i>anomaly</i>	<i>Any concentration of metal noticeably above or below the average background concentration.</i>
<i>assay</i>	<i>An analysis to determine the presence, absence or quantity of one or more components.</i>
<i>breccia</i>	<i>A rock in which angular fragments are surrounded by a mass of finer-grained material.</i>
<i>cretaceous</i>	<i>The geologic period extending from 135 million to 65 million years ago.</i>
<i>cubic meters or m³</i>	<i>A metric measurement of volume, being a cube one meter in length on each side.</i>
<i>cyanidation</i>	<i>A method of extracting exposed silver or gold grains from crushed or ground ore by dissolving it in a weak cyanide solution.</i>
<i>diamond drill</i>	<i>A rotary type of rock drill that cuts a core of rock that is recovered in long cylindrical sections, two centimeters or more in diameter.</i>
<i>fault</i>	<i>A fracture in a rock where there has been displacement of the two sides.</i>
<i>grade</i>	<i>The concentration of each ore metal in a rock sample, usually given as weight percent. Where extremely low concentrations are involved, the concentration may be given in grams per tonne (g/t or gpt) or ounces per ton (oz/t). The grade of an ore deposit is calculated, often using sophisticated statistical procedures, as an average of the grades of a very large number of samples collected from throughout the deposit.</i>
<i>hectare or ha</i>	<i>An area totaling 10,000 square meters.</i>
<i>highly anomalous</i>	<i>An anomaly which is 50 to 100 times average background, i.e. it is statistically much greater in amplitude.</i>
<i>induced polarization (IP)</i>	<i>A method of ground geophysics surveying employing an electrical current to determine indications of mineralization.</i>
<i>mineral reserve</i>	<i>The economically mineable part of a measured or indicated mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of the reporting, that economic extraction can be justified. A mineral reserve includes diluting materials and allowances for losses that may occur when the material is mined. Mineral resources are sub-divided in order of increasing confidence into “probable” and “proven” mineral reserves. A probable mineral reserve has a lower level of confidence than a proven mineral reserve. The term “mineral reserve” does not necessarily signify that extraction facilities are in place or operative or that all governmental approvals have been received. It does signify that there are reasonable expectations of such approvals.</i>

mineral resource	<i>The estimated quantity and grade of mineralization that is of potential economic merit. A resource estimate does not require specific mining, metallurgical, environmental, price and cost data, but the nature and continuity of mineralization must be understood. Mineral resources are sub-divided in order of increasing geological confidence into “inferred”, “indicated”, and “measured” categories. An inferred mineral resource has a lower level of confidence than that applied to an indicated mineral resource. An indicated mineral resource has a higher level of confidence than an inferred mineral resource, but has a lower level of confidence than a measured mineral resource. A mineral resource is a concentration or occurrence of natural, solid, inorganic or fossilized organic material in or on the earth’s crust in such form and quantity and of such grade or quality that it has reasonable prospects for economic extraction.</i>
mineralization	<i>Usually implies minerals of value occurring in rocks.</i>
net smelter returns (NSR) royalty	<i>Payment of a percentage of net mining profits after deducting applicable smelter charges.</i>
oxide	<i>A compound of oxygen and some other element.</i>
ore	<i>A natural aggregate of one or more minerals which may be mined and sold at a profit, or from which some part may be profitably separated.</i>
prefeasibility study and preliminary feasibility study	<i>Each means a comprehensive study of the viability of a mineral project that has advanced to a stage where mining method, in the case of underground mining, or the pit configuration, in the case of open pit mining, has been established, and which, if an effective method of mineral processing has been determined, includes a financial analysis based on reasonable assumptions of technical, engineering, operating and economic factors, and the evaluation of other relevant factors which are sufficient for a qualified person, acting reasonably, to determine if all or part of the mineral resource may be classified as a mineral reserve.</i>
probable mineral reserve	<i>The economically mineable part of an indicated, and in some circumstances, a measured mineral resource demonstrated by at least a prefeasibility study. This study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.</i>
proven mineral reserve	<i>The economically mineable part of a measured mineral resource demonstrated by at least a prefeasibility study. This study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified. The term should be restricted to that part of the deposit where production planning is taking place and for which any variation in the estimate would not significantly affect potential economic viability.</i>
quartz	<i>Silica or SiO₂, a common constituent of veins, especially those containing silver and gold mineralization.</i>
tailings	<i>Material rejected from a mill after most of the recoverable valuable minerals have been extracted.</i>
ton	<i>Imperial measurement of weight equivalent to 2,000 pounds.</i>

<i>tonne</i>	<i>Metric measurement of weight equivalent to 2,205 pounds (1,000 kg)</i>
<i>tpd</i>	<i>Tonnes per day.</i>
<i>trench</i>	<i>A long, narrow excavation dug through overburden, or blasted out of rock, to expose a vein or ore structure.</i>
<i>veins</i>	<i>The mineral deposits that are found filling openings in rocks created by faults or replacing rocks on either side of faults.</i>

Part I

Item 1. Identity of Directors, Senior Management and Advisers

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information

A. Selected financial data

The selected historical consolidated financial information set forth below has been derived from our annual audited consolidated financial statements for each of the years in the five-year period ended December 31, 2015. For the years ended December 31, 2015, 2014, 2013, 2012, and 2011 we have prepared our consolidated financial statements in accordance with IFRS, as issued by the IASB. We adopted IFRS with a transition date of January 1, 2010.

The selected historical consolidated financial information presented below is condensed and may not contain all of the information that you should consider. This selected financial data should be read in conjunction with our annual audited consolidated financial statements, the notes thereto and the section entitled “Item 5 — Operating and Financial Review and Prospects.”

In accordance with IFRS

The tables below set forth selected consolidated financial data under IFRS for the years ended December 31, 2015, 2014, 2013, 2012, and 2011 and as at December 31, 2015, 2014, 2013, 2012, and 2011. The information has been derived from our annual audited consolidated financial statements set forth in “Item 18 — Financial Statements.”

	<i>Years Ended December 31,</i>				
	<i>2015</i>	<i>2014</i>	<i>2013</i>	<i>2012</i>	<i>2011</i>
Summary of Operations:					
<i>Revenue</i>	\$ 19,082,847	\$ 19,297,953	\$ 16,094,701	\$ 2,255,376	\$ -
<i>Cost of sales</i>	10,961,694	11,393,404	8,968,409	1,434,569	-
<i>Mine operating income</i>	8,121,153	7,904,549	7,126,292	820,807	-
<i>General and administrative expenses</i>	4,256,672	4,019,378	4,194,678	1,929,746	4,042,647
<i>Income (loss) before other items and income taxes</i>	3,864,481	3,885,171	2,931,614	(1,108,939)	(4,042,647)
<i>Net income (loss)</i>	483,424	2,514,169	848,212	(1,263,178)	(4,184,351)
<i>Earnings (Loss) per share</i>					
<i>Basic</i>	\$ 0.01	\$ 0.08	\$ 0.03	\$ (0.05)	\$ (0.16)
<i>Diluted</i>	\$ 0.01	\$ 0.08	\$ 0.03	\$ (0.05)	\$ (0.16)
<i>Weighted average number of shares outstanding</i>					
<i>Basic</i>	36,229,424	32,333,224	27,405,179	27,072,053	26,795,632
<i>Diluted</i>	36,723,725	33,273,740	27,701,403	27,072,053	26,795,632
	2015	2014	2013	2012	2011

Balance Sheet Data:

<i>Total assets</i>	\$87,341,992	\$61,416,147	\$34,552,245	\$26,191,608	\$26,136,355
<i>Cash and cash equivalents</i>	7,475,134	4,249,794	3,839,595	4,035,985	5,282,464
<i>Total liabilities</i>	35,403,293	16,365,756	10,005,217	4,244,230	3,202,096
<i>Shareholders' equity</i>	51,938,699	45,050,391	24,547,028	21,947,378	22,934,259
<i>Share capital</i>	62,262,954	58,606,898	42,784,832	42,088,103	41,720,083
<i>Shares issued</i>	37,298,009	35,374,813	27,488,834	27,127,416	26,910,227

Exchange Rates

The following table sets forth information as to the period end, average, the high and the low exchange rate for Canadian Dollars and U.S. Dollars for the periods indicated based on the noon buying rate in New York City for cable transfers in Canadian Dollars as certified for customs purposes by the Federal Reserve Bank of New York (Canadian dollar = US\$1).

<i>Fiscal Year Ended</i>	<i>Average</i>	<i>Period End</i>	<i>High</i>	<i>Low</i>
2011	0.9891	1.0170	1.0630	0.9383
2012	0.9996	0.9958	1.0299	0.9600
2013	1.0301	1.0636	1.0704	0.9838
2014	1.1045	1.1601	1.1643	1.0614
2015	1.2791	1.3839	1.3989	1.1725

The following table sets forth the high and low exchange rates for the past six months based on the noon buying rate. As of April 1, 2016, the exchange rate was CDN\$1.3047 for each US\$1.

<i>Month</i>	<i>High</i>	<i>Low</i>
October 2015	1.32	1.29
November 2015	1.34	1.31
December 2015	1.40	1.34
January 2016	1.46	1.40
February 2016	1.40	1.35
March 2016	1.35	1.30

B. Capitalization and indebtedness

Not Applicable.

C. Reasons for the offer and use of proceeds

Not Applicable.

D. Risk factors

In addition to the other information presented in this Annual Report, the following should be considered carefully in evaluating the Company and its business. This Annual Report contains forward-looking statements that involve risks and uncertainties. The Company's actual results may differ materially from the results discussed in the forward-looking statements. Factors that might cause such a difference include, but are not limited to, those discussed below and elsewhere in this Annual Report.

We will be required to raise additional capital to mine our properties.

The Company is currently focusing on further defining effective plans to mine its San Gonzalo and Avino mineralized material and on exploring and evaluating the Bralorne mine project. Although the Company is presently carrying on mining activities at the San Gonzalo mine, the Company will still be required to raise capital to further advance the San Gonzalo and Avino mines and the Bralorne mine project. We anticipate that we need to raise approximately \$5 million for 2016. Our ability to raise funds will depend on several factors, including, but not limited to, current economic conditions, our perceived value for our properties, our prospects, metal prices, businesses competing for financing and our financial condition. There can be no assurance that we will be able to raise funds, or to raise funds on commercially reasonable terms. Historically, the Company has raised funds through equity financing and the exercise of options and warrants. The raising of capital may have a dilutive effect on the Company's per share book value.

We have only recently become profitable and no assurances can be given we will continue to be profitable in the future.

We began extracting and processing resources at levels intended by management at the San Gonzalo mine during the fourth quarter of 2012. For the years ended December 31, 2015, 2014, and 2013, we earned net income of CDN\$483,424, CDN\$2,514,169, and CDN\$848,212 respectively. Prior to the 2013 fiscal year, we had not been profitable. There is no assurance that our operations will continue to be profitable in the future.

As of December 31, 2015, our internal controls over financial reporting were ineffective, and if we continue to fail to improve such controls and procedures, investors could lose confidence in our financial and other reports, the price of our shares of common stock may decline, and we may be subject to increased risks and liabilities.

As a public company, we are subject to the reporting requirements of the Exchange Act and the Sarbanes-Oxley Act of 2002. The Exchange Act requires, among other things, that we file annual reports with respect to our business and financial condition. Section 404 of the Sarbanes-Oxley Act requires, among other things, that we include a report of our management on our internal control over financial reporting. We are also required to include certifications of our management regarding the effectiveness of our disclosure controls and procedures. For the year ended December 31, 2015, our management has concluded that our disclosure controls and procedures and internal control over financial reporting were ineffective due to the following material weaknesses: (i) inadequate segregation of duties and effective risk assessment; (ii) insufficient written policies and procedures for accounting, financial reporting and corporate governance; (iii) insufficient disaster recovery plans; and, (iv) limited staff resources resulting in the possibility that from time to time the Company may not have the necessary in-house knowledge to address complex accounting and tax issues that may arise. To remediate such weaknesses, we plan to implement the following changes: (i) address inadequate segregation of duties and ineffective risk management; (ii) adopt sufficient written policies and procedures for accounting, financial reporting and corporate governance; (iii) implement a disaster recovery plan; and, (iv) hire additional financial reporting personnel and engage external technical accounting and tax advisors and experts. If we cannot effectively and efficiently improve our controls and procedures, we could suffer material misstatements in our financial statements and other information we report and fail to meet our reporting obligations, which would likely cause investors to lose confidence in our reported financial and other information. This could lead to a decline in the trading price of our common shares.

We have no proven or probable reserves and our decision to commence extracting and processing resources at levels intended by management was not based on a study demonstrating economic recovery of any mineral reserves and is therefore inherently risky.

We have not established the presence of any proven or probable mineral reserves, as defined by the SEC, at any of our properties. Under Guide 7, the SEC has defined a "reserve" as that part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination. Any mineralized material discovered or produced by us should not be considered proven or probable reserves.

In order to demonstrate the existence of proven or probable reserves, it would be necessary for us to perform additional exploration to demonstrate the existence of sufficient mineralized material with satisfactory continuity and obtain a positive feasibility study which demonstrates with reasonable certainty that the deposit can be economically and legally extracted and produced. We have not completed a feasibility study with regard to all or a portion of any of our properties to date. Since we commenced extracting and processing resources of mineralized

material at levels intended by management at the San Gonzalo Mine without a feasibility study, there is inherent uncertainty as to whether the mineralized material can be economically produced or if so, for what period of time. The absence of proven or probable reserves makes it more likely that our properties may cease to be profitable and that the money we spend on exploration and evaluation may never be recovered.

We decided to begin extracting and processing resources at levels intended by management at the San Gonzalo Mine without preparing a pre-feasibility study or bankable feasibility study which may subject us to more risks.

We decided to begin extracting and processing resources at levels intended by management at the San Gonzalo Mine without preparing a pre-feasibility study or bankable feasibility study which is a more common practice within the mining industry and therefore may subject us to more business risks. Our decision to begin extracting and processing resources at the San Gonzalo Mine was based on limited prior historical information, bulk sample drilling programs, small pilot plant and bench scale testing. Therefore our decision to begin extracting and processing resources at the San Gonzalo Mine was based on limited information which may or may not be representative of information regarding the mine had we otherwise prepared a more comprehensive study. In addition, basing our decision to begin extracting and processing resources on limited information may make us susceptible to risks including:

- certain difficulties in obtaining expected metallurgical recoveries when scaling up to extracting and processing activities at levels intended by management from pilot plant scale;
- the preliminary nature of mine plans and processing concepts and applying them to full scale extracting and processing activities at levels intended by management;
- determining operating/capital cost estimates and possible variances associated with constructing, commissioning and operating the San Gonzalo facilities based on limited information;
- that metallurgical flow sheets and recoveries are based on information at the time and may not be representative of results of the San Gonzalo Mine; and
- that we may underestimate capital and operating costs without a comprehensive bankable feasibility study.

The mining industry is highly speculative and involves substantial risks.

Even when mining is conducted on properties known to contain significant quantities of mineral deposits it is generally accepted in the mining industry that most exploration projects do not result in the discovery of mineable deposits of ore that can be extracted in a commercially economic manner. There may be limited availability of water, which is essential to milling operations, and interruptions may be caused by adverse weather conditions. Operations are subject to a variety of existing laws and regulations relating to exploration and development, permitting procedures, safety precautions, property reclamation, employee health and safety, air quality standards, pollution and other environmental protection controls. Mining activities are subject to substantial operating hazards, some of which are not insurable or may not be insured for economic reasons.

The commercial quantities of ore cannot be accurately predicted.

Whether an ore body will be commercially viable depends on a number of factors including the particular attributes of the deposit, such as size, grade and proximity to infrastructure, as well as minerals prices and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in a mineral deposit being unprofitable.

There are no assurances that we can produce minerals on a commercially viable basis.

The Company's ability to generate revenue and profit is expected to occur through exploration of its existing properties as well as through acquisitions of interests in new properties. Substantial expenditures will be incurred in an attempt to establish the economic feasibility of mining activities by identifying mineral deposits and establishing ore reserves through drilling and other techniques, developing metallurgical processes to extract metals from ore, designing facilities and planning mining activities. The economic feasibility of a project depends on numerous factors, including the cost of mining and production facilities required to extract the desired minerals, the total mineral deposits that can be mined using a given facility, the proximity of the mineral deposits to refining

facilities, and the market price of the minerals at the time of sale. There is no assurance that existing or future exploration programs or acquisitions will result in the identification of deposits that can be mined profitably.

Mining activities and exploration activities are subject to various federal, provincial and local laws and regulations.

Laws and regulations govern the development, mining, production, importing and exporting of minerals, taxes, labour standards, occupational health, waste disposal, protection of the environment, mine safety, toxic substances, and other matters. In many cases, licenses and permits are required to conduct mining operations. Amendments to current laws and regulations governing operations and activities of mining companies or more stringent implementation thereof could have a substantial adverse impact on the Company. Applicable laws and regulations will require the Company to make certain capital and operating expenditures to initiate new activity. Under certain circumstances, the Company may be required to suspend an activity once it is started until a particular problem is remedied or to undertake other remedial actions.

Operating hazards and risks.

Exploration, evaluation, extracting, and processing at a mine or mineral property involves many risks which even a combination of experience, knowledge and careful evaluation may not be able to overcome. These risks include:

- environmental hazards;
- industrial accidents and explosions;
- the encountering of unusual or unexpected geological formations;
- ground fall and cave-ins;
- flooding;
- earthquakes; and
- periodic interruptions due to inclement or hazardous weather conditions.

These occurrences could result in environmental damage and liabilities, work stoppages and delayed extracting and processing, increased extracting and processing costs, damage to, or destruction of, exploration and evaluation assets or extracting and processing facilities, personal injury or death, asset write downs, monetary losses and other liabilities. In this regard, there have been three accidental deaths at the Company's San Gonzalo Mine. Liabilities that the Company incurs may exceed the policy limits of its insurance coverage or may not be insurable, in which event the Company could incur significant costs that could adversely impact its business, operations or profitability.

Metals market prices are highly speculative and volatile.

The market price for metals is highly speculative and volatile. Instability and a potential decrease in metal prices such as silver will adversely affect our revenues, activities at our mining properties and the further exploration, evaluation, extracting, and processing activities at such properties. In this regard, the price of silver has decreased during the past two years.

We may be exposed to liabilities under the Foreign Corrupt Practices Act and/or the Corruption of Foreign Public Officials Act and any determination that we violated these laws could have a material adverse effect on our business.

We are subject to the Foreign Corrupt Practices Act (the "FCPA"), the Corruption of Foreign Public Officials Act (Canada) ("CFPOA"), and other laws that prohibit improper payments or offers of payments to foreign governments and their officials and political parties by U.S. persons and issuers as defined by the statutes, for the purpose of obtaining or retaining business. It is our policy to implement safeguards to discourage these practices by our employees; however, our existing safeguards and any future improvements may prove to be less than effective and our employees, consultants, sales agents or distributors may engage in conduct for which we might be held responsible. Violations of the FCPA, the CFPOA, and/or other laws may result in severe criminal or civil sanctions and we may be subject to other liabilities, which could negatively affect our business, operating results and financial condition.

The validity of the title to our mining properties may be challenged.

The validity of mining or exploration titles or claims or rights, which constitute most of our property holdings, can be uncertain and may be contested. We have used our reasonable commercial efforts to investigate title or claims to our various properties, however, no assurance can be given that applicable governments will not revoke or significantly alter the conditions of the applicable exploration and mining titles or claims and that such exploration and mining titles or claims will not be challenged or impugned by third parties. We operate in countries with developing mining or native laws, and changes in such laws could materially impact our rights to our various properties or interests therein.

Although we have obtained title opinions for our material properties, there is no guarantee that title to such properties will not be challenged or impugned. Our properties may be subject to prior unregistered liens, agreements or transfers, native land claims or undetected title defects.

In Mexico and British Columbia legal rights applicable to mining concessions or mineral claims, as applicable, are different and separate from legal rights applicable to surface lands; accordingly, title holders of mining concessions or mineral claims must accommodate and agree with surface land owners on compensation in respect of mining activities conducted on such land.

We do not intend to pay any cash dividends in the foreseeable future and, therefore, any return on your investment in our common shares must come from increases in the fair market value and trading price of our common shares.

We do not intend to pay any cash dividends in the foreseeable future and, therefore, any return on your investment in our common shares must come from increases in the fair market value and trading price of our common shares.

Certain provisions of organizational documents may discourage takeovers and business combinations that our shareholders may consider in their best interests, which could negatively affect our stock price.

Certain provisions of our Articles of Incorporation (“Articles”) may have the effect of delaying or preventing a change in control of our Company or deterring tender offers for our common shares that other shareholders may consider in their best interests. In addition, our board of directors has adopted a shareholder rights plan, or “poison pill,” which has the effect of making it more difficult for a person to acquire control of our company in a transaction which is not a “Permitted Bid” (as defined therein), or not approved by our board of directors.

Our Articles authorize us to issue an unlimited number of common shares. Shareholder approval is not necessary to issue our common shares. Issuance of these common shares could have the effect of making it more difficult and more expensive for a person or group to acquire control of us, and could effectively be used as an anti-takeover device.

Our Articles provide for an advance notice procedure for shareholders to nominate director candidates for election or to bring business before an annual meeting of shareholders, including proposed nominations of persons for election to our board of directors, and require that special meetings of shareholders be called by the board or shareholders who hold at least 5% of the total issued and outstanding shares.

Competition for mineral land.

There is a limited supply of desirable mineral lands available for acquisition, claim staking or leasing in the areas where the Company contemplates expanding its operations and conducting exploration activities. Many participants are engaged in the mining business, including large, established mining companies. Accordingly, there can be no assurance that the Company will be able to compete successfully for new mining properties.

Uncertainty of exploration and evaluation programs.

The Company’s profitability is significantly affected by the costs and results of its exploration and evaluation programs. As mines have limited lives, the Company actively seeks to expand its mineral resources, primarily through exploration, evaluation and strategic acquisitions. Exploration for minerals is highly speculative

in nature, involves many risks and is frequently unsuccessful. Among the many uncertainties inherent in any silver, gold, and/or copper exploration and evaluation program are the location of economic ore bodies, the development of appropriate metallurgical processes, the receipt of necessary governmental permits and the construction of mining and processing facilities. Assuming the discovery of an economic deposit, depending on the type of mining operation involved, several years may elapse from the initial phases of drilling until commercial operations are commenced and, during such time, the economic feasibility of extracting and processing resources may change. Accordingly, the Company's exploration and evaluation programs may not result in any new economically viable mining operations or yield new mineral resources to expand current mineral resources.

Licenses and permits.

The operations of the Company require licenses and permits from various governmental authorities. The Company believes that it holds all necessary licenses and permits under applicable laws and regulations. However, such licenses and permits are subject to change in various circumstances. There can be no guarantee that the Company will be able to obtain or maintain all necessary licenses and permits as are required to explore and evaluate its properties, commence construction or operation of mining facilities at properties under exploration and evaluation or to maintain continued mining activities that economically justify the cost.

Political or economic instability or unexpected regulatory change.

Certain of our properties are located in countries, provinces and states more likely to be subject to political and economic instability, or unexpected legislative change, than is usually the case in certain other countries, provinces and states. Our mineral exploration and mining activities could be adversely effected by:

- political instability and violence;
- war and civil disturbances;
- expropriation or nationalization;
- changing fiscal regimes;
- fluctuations in currency exchange rates;
- high rates of inflation;
- underdeveloped industrial and economic infrastructure;
- changes in the regulatory environment governing exploration and evaluation assets; and
- unenforceability of contractual rights, any of which may adversely affect our business in that country.

We may be adversely affected by fluctuations in foreign exchange rates.

We maintain our bank accounts mainly in Canadian and U.S. Dollars. Any appreciation in the currency of Mexico or other countries where we may carry out exploration and mining activities against the Canadian or U.S. Dollar will increase our costs of carrying out operations in such countries. In addition, any decrease in the U.S. Dollar against the Canadian Dollar will result in a loss on our financial statements to the extent we hold funds in U.S. Dollars.

Land reclamation requirements.

Although variable depending on location and the governing authority, land reclamation requirements are generally imposed on mineral exploration companies (as well as companies with mining activities) in order to minimize the long term effects of land disturbance. Reclamation may include requirements to control dispersion of potentially deleterious effluents and reasonably re-establish pre-disturbance land forms and vegetation. In order to carry out reclamation obligations imposed on us in connection with our mineral exploration and mining activities we must allocate financial resources that might otherwise be spent on further exploration or acquisition programs.

Acquisitions the Company may undertake may change our business or expose us to risks.

The Company undertakes evaluations of opportunities to acquire additional silver and gold mining properties. Any resultant acquisitions may be significant in size, may change the scale of the Company's business, and may expose the Company to new geographic, political, operating, financial and geological risks. The Company's success in its acquisition activities depends on its ability to identify suitable acquisition candidates,

acquire them on acceptable terms, and integrate their operations successfully. Any acquisitions would be accompanied by risks, such as a significant decline in the price of silver or gold, the mineralized material proving to be below expectations, the difficulty of assimilating the operations and personnel of any acquired companies, the potential disruption of the Company's ongoing business, the inability of management to maximize the financial and strategic position of the Company through the successful integration of acquired assets and businesses, the maintenance of uniform standards, controls, procedures and policies, the impairment of relationships with customers and contractors as a result of any integration of new management personnel and the potential unknown liabilities associated with acquired mining properties. There can be no assurance that the Company would be successful in overcoming these risks or any other problems encountered in connection with such acquisitions.

Conflicts of interest.

Certain directors and officers of the Company are officers and/or directors of, or are associated with, other natural resource companies that acquire interests in exploration and evaluation assets or carry on mining activities. Such associations may give rise to conflicts of interest from time to time. The directors are required by law, however, to act honestly and in good faith with a view to the best interests of the Company and to disclose any personal interest which they may have in any material transaction which is proposed to be entered into with the Company and to abstain from voting as a director for the approval of any such transaction.

Dependence on management.

We are dependent on the services of key executives including our President and Chief Executive Officer and other highly skilled and experienced executives and personnel focused on advancing our corporate objectives as well as the identification of new opportunities for growth and funding. Due to our relatively small size, the loss of these persons or our inability to attract and retain additional highly skilled employees required for our activities may have a material adverse effect on our business and financial condition.

Competition for recruitment and retention of qualified personnel.

We compete with other exploration and mining companies, many of which have greater financial resources than us or are further in their advancement, for the recruitment and retention of qualified employees and other personnel. Competition for exploration and mining resources at all levels is highly cyclical and can quickly become very intense, particularly affecting the availability of manpower, drill rigs and supplies. If we require and are unsuccessful in acquiring additional personnel or other exploration and mining resources, we will not be able to grow at the rate we desire or at all.

Limited and volatile trading volume.

Although the Company's common shares are listed on the NYSE MKT, the TSX Venture Exchange, referred to as the "TSX-V", the Frankfurt Stock Exchange, referred to as the "FSE", and the Berlin Stock Exchange, the volume of trading has been limited and volatile in the past and is likely to continue to be so in the future, reducing the liquidity of an investment in the Company's common shares and making it difficult for investors to readily sell their common shares in the open market. Without a liquid market for the Company's common shares, investors may be unable to sell their shares at favorable times and prices and may be required to hold their shares in declining markets or to sell them at unfavorable prices.

Volatility of share price.

In recent years, securities markets in general have experienced a high level of price volatility. The market price of many resource companies, particularly those, like the Company, that are considered speculative exploration and mining companies, have experienced wide fluctuations in price, resulting in substantial losses to investors who have sold their shares at a low price point. These fluctuations are based only in part on the level of progress of exploration, and can reflect general economic and market trends, world events or investor sentiment, and may sometimes bear no apparent relation to any objective factors or criteria. Significant fluctuation in the Company's common share price is likely to continue.

Difficulty for United States investors to effect services of process against the Company.

The Company is incorporated under the laws of the Province of British Columbia, Canada. Consequently, it will be difficult for United States investors to affect service of process in the United States upon the directors or officers of the Company, or to realize in the United States upon judgments of United States courts predicated upon civil liabilities under the Exchange Act. The majority of the Company's directors and officers are residents of Canada and many of the Company's assets are located outside of the United States. A judgment of a United States court predicated solely upon such civil liabilities would probably be enforceable in Canada by a Canadian court if the United States court in which the judgment was obtained had jurisdiction, as determined by the Canadian court, in the matter. There is substantial doubt whether an original action could be brought successfully in Canada against any of such persons or the Company predicated solely upon such civil liabilities.

Item 4. Information on the Company

Cautionary Note to United States Investors

In Canada, an issuer is required to provide technical information with respect to mineralization, including reserves and resources, if any, on its mineral exploration properties in accordance with Canadian requirements, which differ significantly from the requirements of the SEC applicable to registration statements and reports filed by United States companies pursuant to the Securities Act, or the Exchange Act. As such, information contained in this annual report concerning descriptions of mineralization under Canadian standards may not be comparable to similar information made public by United States companies subject to the reporting and disclosure requirements of the SEC. In particular, this annual report on Form 20-F includes the terms "mineral resource," "measured mineral resource," "indicated mineral resource" and "inferred mineral resource". Investors are advised that these terms are defined in and required to be disclosed under Canadian rules by National Instrument 43-101 ("NI 43-101"). **U.S. Investors are cautioned not to assume that any part of the mineral deposits in these categories will ever be converted into reserves.** However, these terms are not defined terms under SEC Industry Guide 7 and are not recognized in reports and registration statements filed with the SEC by U.S. domestic issuers. In addition, NI 43-101 permits disclosure of "contained ounces" of mineralization. In contrast, the SEC only permits issuers to report mineralization as in place tonnage and grade without reference to unit measures.

The definitions of proven and probable reserves used in NI 43-101 differ from the definitions in SEC Industry Guide 7. Under SEC Industry Guide 7 (under the Exchange Act), as interpreted by the staff of the SEC, mineralization may not be classified as a "reserve" for United States reporting purposes unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. Among other things, all necessary permits would be required to be in hand or issuance imminent in order to classify mineralized material as reserves under the SEC standards.

United States investors are cautioned not to assume that any part or all of the mineral deposits identified as an "indicated mineral resource," "measured mineral resource" or "inferred mineral resource" will ever be converted to reserves as defined in NI 43-101 or SEC Industry Guide 7. Further, "inferred mineral resources" have a great amount of uncertainty as to their existence and economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian securities legislation, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies, or economic studies. **U.S. investors are cautioned not to assume that part or all of an inferred mineral resource exists, or is economically or legally mineable.**

A. *History and development of the Company*

The Company was incorporated by Memorandum of Association under the laws of the Province of British Columbia on May 15, 1968, and on August 22, 1969, by virtue of an amalgamation with Ace Mining Company Ltd., became a public company whose common shares are registered under the Exchange Act, changing its name to Avino Mines & Resources Limited. On April 12, 1995, the Company changed its corporate name to International Avino Mines Ltd. and effected a reverse stock split of one common share for every five common shares outstanding. On August 29, 1997, the Company changed its corporate name to Avino Silver & Gold Mines Ltd., its current name, to better reflect the business of the Company of exploring for and mining silver and gold. In January 2008, the Company announced the change of its financial year end from January 31 to December 31. The change was completed in order to align the Company's financial statement reporting requirements with its Mexico subsidiaries which operate on a calendar fiscal year.

The Company is a reporting issuer in the Province of British Columbia and Alberta, a foreign private issuer with the SEC and is listed on the TSX Venture Exchange (Tier 1 status) under the symbol “ASM”, on the NYSE-MKT under the symbol “ASM”, and on the Berlin and Frankfurt Stock Exchanges under the symbol “GV6”. In September, 2013, the Company’s listing on the TSX Venture Exchange was reclassified from Tier 2 to Tier 1 status. The principal executive office of the Company is located at Suite 900, 570 Granville Street, Vancouver, British Columbia V6C 3P1, and its telephone number is 604-682-3701.

The Company is a natural resource company, primarily engaged in the extracting and processing of gold, silver, and copper and the acquisition and exploration of natural resource properties. The Company’s principal business activities have been the exploration for and extracting and processing of gold, silver, and copper at a mineral property located in the State of Durango, Mexico. The Company also owns other exploration and evaluation assets in British Columbia and the Yukon Territory, Canada.

B. Business overview

Operations and Principal Activities

The Company is a Canadian-based resource firm focused on silver, gold, and copper exploration, extraction and processing. The Company has a long prior history of operation, beginning in 1968 with the development of the Avino Silver Mine, located in the state of Durango, Mexico (the “Avino Mine”). From 1974 to 2001, the Avino Mine produced silver, gold, copper and lead and provided hundreds of jobs for the Durango region before closing due to depressed metal prices and closing of smelter. Beginning in 2002, the Company re-directed its corporate strategy to focus almost entirely on silver and began acquiring silver properties in North America. The Company acquired the Eagle property in Canada’s Yukon Territory and the Aumax silver and gold property in British Columbia. Each property produced positive assays for silver through drilling and sampling however, in late April 2012, the Company relinquished its interest in the Aumax silver and gold property to focus on its property in Mexico. The Avino Mine in Mexico and surrounding mineral leases continue to hold silver potential. These properties, along with other silver and gold projects, will remain the Company’s principal focus for the foreseeable future.

Presently, the Company is an exploration-stage company pursuant to SEC Industry Guide 7 as it has not yet established mineral reserves. On October 1, 2012, the Company declared that extracting and processing resources at levels intended by management had been achieved at the San Gonzalo mine. The decision was based on the following criteria:

- All major capital expenditures to bring the San Gonzalo Mine into the condition necessary for it to be capable of operating in the manner intended by management had been completed;
- The Company completed testing of the mine plant for a significant period time and tuned it to a level appropriate for efficient profitable operations;
- The Company proved the ability to produce a saleable bulk concentrate – this was established by conducting the bulk sample program in 2010 and 2011;
- The mine is operated by the Company’s own operating personnel with the exception of underground mine advancement for which it uses a mining contractor to achieve more efficiency;
- The mill has reached the pre-determined percentage of design capacity which is 250 tpd for processing San Gonzalo mineralized material;
- Mineral recoveries are at and above expected extracting and processing levels; and
- The Company has demonstrated the ability to sustain ongoing extraction and processing of mineralized material at a steady level.

The above factors were considered in making the decision that extracting and processing resources at levels intended by management had been achieved as at October 1, 2012, and management is confident that its decision is appropriate and accurately reflects the stage the Company is in.

In August 2014, Avino and Bralorne Gold Mines Ltd. (“Bralorne”) entered into a binding arrangement agreement, whereby Avino would acquire all of the outstanding common shares of Bralorne, which Avino did not already own, by way of a plan of arrangement under the Business Corporations Act (British Columbia). Bralorne holds an undivided 100% interest in the Bralorne Mine project in British Columbia.

On July 8, 2014, Avino acquired a 33.33% interest in Bralorne from an unrelated party on the open market for cash consideration of \$2,660,000 in connection with its intention to acquire all of the outstanding common shares of Bralorne. With the acceptance of the TSX-V, Avino also made a \$1,250,000 loan to Bralorne (in three tranches) to provide immediate working capital. The loan carried interest at 12% per annum, and the principal amount and accrued interest were secured by a general security agreement against all of the assets of Bralorne. On October 20, 2014, under the plan of arrangement, Bralorne shareholders received 2,636,845 common shares of Avino, resulting in Bralorne becoming a wholly-owned subsidiary of Avino. Fractional shares of Avino were rounded down to the nearest lower whole share. All unexercised outstanding stock options of Bralorne were cancelled, and Bralorne's common shares were delisted from the TSX Venture Exchange and the OTCQX.

Avino's remaining Mexican properties other than San Gonzalo and Canadian properties are all at the exploration stage. In order to determine if a commercially viable mineral deposit exists in any of these properties, further geological work will need to be done, and based upon the results of that work a final evaluation will need to be made to conclude on economic and legal feasibility. The Company is currently focusing on extracting and processing resources at the San Gonzalo mine and exploration of the Avino property in Mexico and on exploring its Bralorne mine project in British Columbia, Canada, and its other Canadian properties are not deemed to be material and are subject to care and maintenance for further exploration and evaluation, if any.

Competition

The mining industry in which the Company is engaged is highly competitive. Competitors include well-capitalized mining companies, independent mining companies and other companies having financial and other resources far greater than those of the Company. The Company competes with other mining companies in connection with the acquisition of gold, silver and other base metal properties. In general, properties with a higher grade of recoverable minerals and/or which are more readily mined afford the owners a competitive advantage in that the cost of production of the final mineral product is lower.

Seasonality

Certain of our operations are conducted in British Columbia and the Yukon Territory. The weather during the colder seasons in these areas can be extreme and can cause interruptions or delays in our operations. As a result, the preferable time for activities in these regions is the spring and summer when costs are more reasonable and access to the properties is easier. In the summer months, however, if the weather has been unusually hot and dry, access to the Company's properties may be limited as a result of access restrictions being imposed to monitor the risks of forest fires.

Governmental Regulation

The current and anticipated future operations of the Company, including exploration and evaluation activities and extracting and processing resources on its properties, require permits from various federal, territorial and local governmental authorities and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labor standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. Companies engaged in the development and operation of mines and related facilities generally experience increased costs and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits. Such operations and exploration activities are also subject to substantial regulation under these laws by governmental agencies and may require that the Company obtain permits from various governmental agencies. The Company believes it is in substantial compliance with all material laws and regulations which currently apply to its activities. There can be no assurance, however, that all permits which the Company may require for construction of mining facilities and conduct of mining activities will be obtainable on reasonable terms or that such laws and regulations, or that new legislation or modifications to existing legislation, would not have an adverse effect on any exploration or mining project which the Company might undertake.

The Company believes it has obtained all necessary permits and authorizations required for its current exploration and mining activities. The Company has had no material costs related to compliance and/or permits in recent years, and anticipates incurring necessary expenditures to maintain compliance in the future. Unfavorable amendments to current laws, regulations and permits governing operations and activities of resource exploration companies, or more stringent implementation thereof, could have a materially adverse impact on the Company and cause increases in capital expenditures which could result in a cessation of operations by the Company.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in exploration and mining activities may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violation of applicable laws or regulations.

The enactment of new laws or amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or costs of extracting and processing resources or reductions in levels of extracting and processing resources at its mining properties or require abandonment or delays in the exploration and evaluation of new mining properties.

Governmental Regulation - Mexico

Mineral exploration and mining in Mexico is covered under the Mining Law as first published in June 1992, and most recently amended in August 2014. Mining activities in Mexico are administered by the Ministry of Economy. Environmental regulations are covered under “Ley General del Equilibrio Ecológico y la Protección al Ambiente” (General Law of Ecological Balance and Environmental Protection) and its regulations. Certain other environmental laws, including “Ley de Aguas Nacionales” (Law of National Waters) and “Ley Forestal” (Forestry Law) and their associated regulations may also cover certain operations. The kind of permits or authorizations required to conduct mining or mineral exploration operations in Mexico depend upon the type of operation. Common exploration activities do not require prior environmental authorization or licenses, but it is advisable to request a confirmation from the National Water Commission that planned operations will not affect the water table. It is also necessary to confirm that any planned operations will not be conducted in protected natural areas.

Governmental Regulation - British Columbia

No mining is allowed until a person has been granted a mining permit under the Mining Act (British Columbia). At the time of application for a mining permit, the project will be subject to Provincial environmental review by the Mine Development Review Committee (led by the Ministry of Forest, Lands and Natural Resources) pursuant to applicable legislation, including the Environmental Assessment Act, Environment & Land Use Act, Environmental Management Act, Forest Act, Water Act, and Fisheries Act (Canada). If the proposed mining project is a major one (exceeding 250 tonnes per day), then it will also be subject to a separate Federal review under the Environmental Assessment Act (Canada) and Environmental Protection Act (Canada). The Bralorne Mine has already been granted a mining permit under the Mines Act for its current mining activities.

Mining activities in British Columbia are subject to the Mines Act and the Health, Safety and Reclamation Code (the “Code”), which are administered by the Minister of Energy and Mines, and in particular its Mines and Minerals Resource Division, as well as the Chief Inspector of Mines. Mining permits are issued upon meeting certain conditions, including the provision of a reclamation bond, and mining activities are regularly inspected for compliance with the Code.

C. *Organizational structure*

The Company’s Mexican subsidiaries are the wholly owned subsidiary Oniva Silver and Gold Mines S.A. de C.V., referred to as “Oniva”, Promotora, in which the Company has direct ownership of 79.09%, and Avino Mexico in which the Company has a 98.45% direct ownership and an additional 1.22% indirect ownership held through Promotora. The Company’s total effective ownership interest in Avino Mexico is 99.67%. All of these subsidiaries are incorporated under the laws of Mexico. The Company also owns 100% of Bralorne Gold Mines Ltd., incorporated in British Columbia, Canada.

D. *Property, plants and equipment*

The Company is extracting resources and processing a bulk concentrate at the San Gonzalo Mine and a copper concentrate from the Avino Mine, both of which are located on the Avino property in Durango, Mexico. The Company is also exploring options to re-process a large tailings resource left from past mining on the Avino property. In addition, the Company is exploring four silver and gold projects in Canada. All of the Company’s mineral property interests in Canada are wholly-owned by the Company. In Mexico, the Company has a 99.67%

interest in Avino Mexico, a Mexican company which is involved in the mining of commercial resources and resource exploration and evaluation, including the operation of the Avino Mine. The Company owns and manages its Canadian properties. Exploration in Canada is focused on the Bralorne Mine project in southwest British Columbia which was acquired by the Company in 2014. The Bralorne Mine project is considered in the advanced exploration phase and extracting and processing resources at trial levels has taken place since 2010. In addition to the Bralorne Mine project, Avino has in recent years conducted limited prospecting, trenching and drill programs on the Eagle, Olympic-Kelvin, and Minto properties.

The Company uses detailed sampling to provide the basis for quality estimates and grades of its mineral discoveries. Samples are collected under the supervision of a qualified person who then follows procedures for the collection, sample preparation and chain of custody guidelines for the shipment of the samples to a certified commercial laboratory as set out in National Instrument 43-101. These commercial labs have standard Quality Assurance/Quality Control protocols in place for the various assaying methods that are being used on the samples. In addition, blanks, standards and duplicates are generally used to confirm the validity of the results before they are reported.

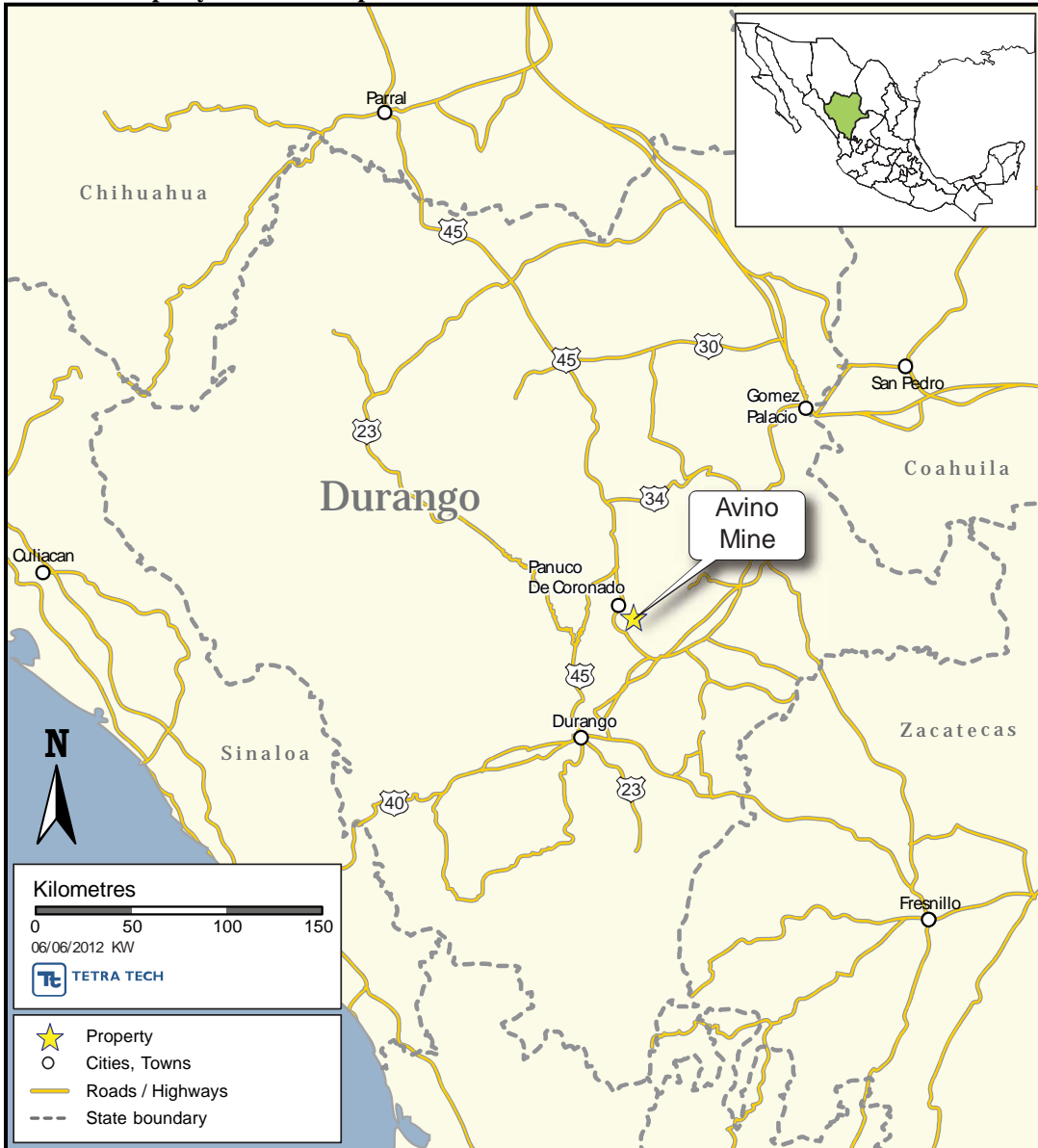
Avino Property, Durango, Mexico

Location

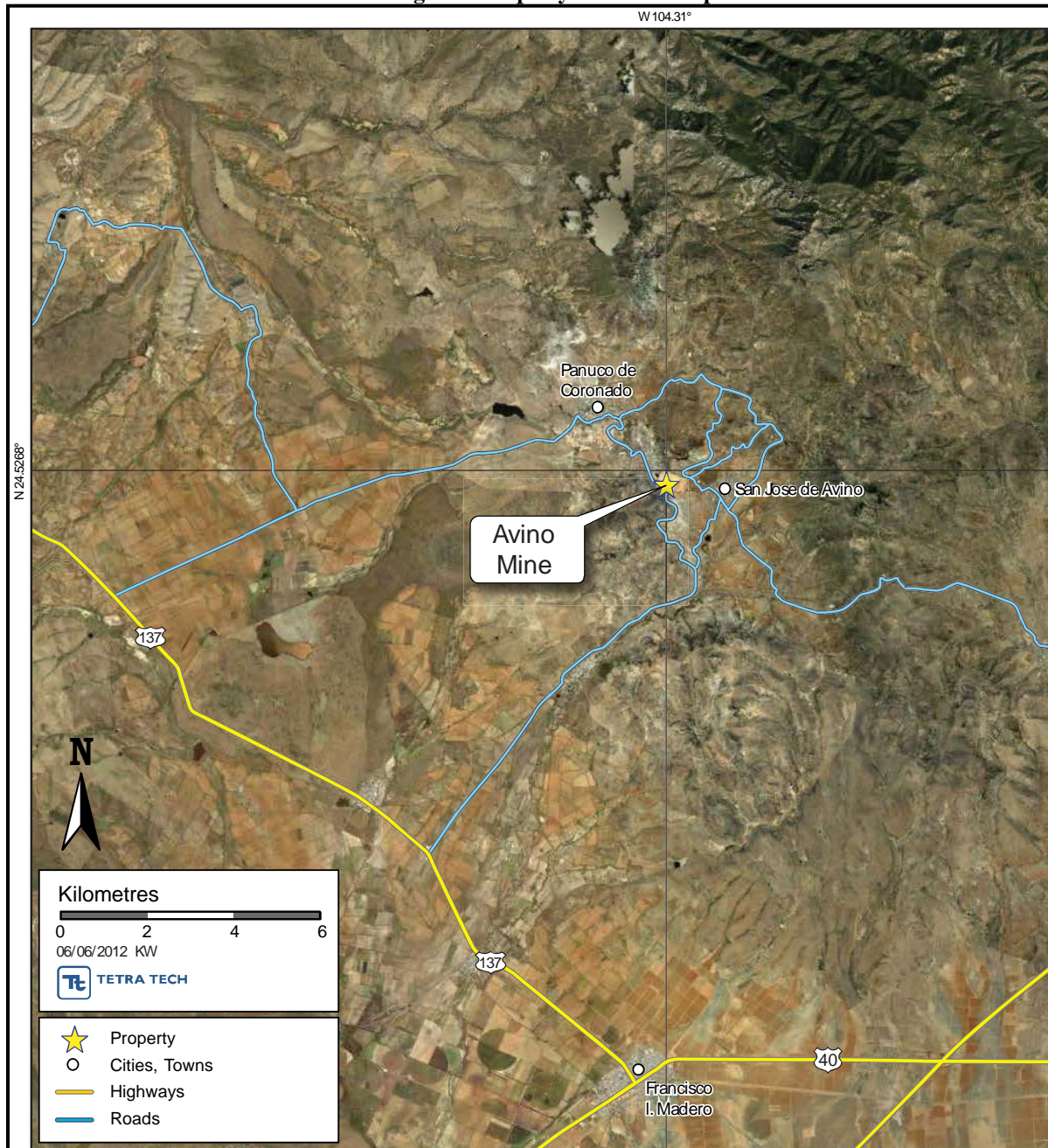
The property is located in Durango State in North Central Mexico, within the Sierra Madre Silver Belt on the eastern edge of the Sierra Madre Occidental mountain range. The nearest major center is the city of Durango, 82 km to the southwest of the property. The property is within the municipality of Pánuco de Coronado between the towns of Pánuco de Coronado and San José de Avino. The property is located at latitude N 24° 53', longitude W 104° 31', 14 km northwest of Highway 40D.

The property is situated as illustrated in the figures below:

General Property Location Map



Regional Property Location Map



Accessibility and Local Resources

The property is accessible by road and is an important part of the local community from which skilled workers are available. Access is provided by Highway 40, a four-lane highway leading from Durango, past the airport and on to the city of Torreon in Coahuila. Successive turn-offs for the property are at Francisco I Madero, Ignacio Zaragoza, and San José de Avino (Slim 2005d). The Avino mineral concessions are covered by a network of dirt roads which provide easy transport access between all areas of interest on the Property and the mill at the main Avino Mine (Gunning 2009).

The nearest major city is Durango, with a population of approximately 465,000. Durango is a major mining center in Mexico where experienced labour and services can be obtained. The two towns nearest the mine are Pánuco de Coronado and San José de Avino, where the majority of the employees live while working at the mine. Pánuco de Coronado has a population of approximately 12,000, and San José de Avino is a small center with a population of less than 1,000.

Geology and Mineralization

The property is located within the Sierra de Gamon, on the east flank of the Sierra Madre Occidental. The area is a geological window into the Lower Volcanic series and consists mainly of volcanic flows, sills, and tuffaceous layers of andesite, rhyolite, and trachyte. Individual rock units vary from 300 to 800 m in thickness. Andesitic rocks outcrop over most of the region with other rock types occurring more sparsely to the north (Slim, 2005d).

A large monzonitic intrusion is observed in the region in the form of dykes and small stocks, which appear to be linked to the onset of the Avino vein mineralization. Other post-mineralization dykes of intermediate to felsic composition outcrop in various areas and appear to cause minor structural displacements. A number of thin mafic sills are also found in various parts of the region and are related to recent volcanism.

Regionally, the Avino concession is situated within a 12 km north-south by 8.5 km caldera, which hosts numerous low sulphidation epithermal veins, breccias, stockwork and silicified zones. These zones grade into a “near porphyry” environment, particularly in the Avino Mine area. The caldera has been uplifted by regional north trending block faulting (a graben structure), exposing a window of andesitic pyroclastic rocks of the lower volcanic sequence, a favourable host rock, within the caldera. This sequence is overlain by rhyolite to trachytes with extensive ignimbrite layers forming the upper volcanic sequence and is intruded by monzonite bodies. The basal andesite-bearing conglomerate and underlying Paleozoic basement sedimentary rocks (consisting of shales, sandstones and conglomerates) have been identified on the Avino concession in the south-central portion of the caldera, covering the Guadalupe, Santiago, San Jorge, the San Gonzalo Trend, Malinche, Porterito and Yolanda areas. A northerly trending felsic dyke, probably a feeder to the upper volcanic sequence, transects the Property and many of the veins. The Aguila Mexicana low temperature vein system, with significant widths but overall low precious metal values, trends north-northwest, similar to the felsic dyke and with similar continuity across the property. The two structures may occupy deep crustal faults that controlled volcanism and mineralization, with the felsic dyke structure controlling the emplacement of the Avino, Nuestra Senora and El Fuerte-Potosina volcanic centres and the Aguila Mexicana controlling the Cerro San Jose and El Fuerte-Potosina volcanic centres (Paulter 2006).

Silver- and gold-bearing veins cross-cut the various lithologies and are generally oriented north-northwest to south-southeast and northwest to southeast. The rocks have been weathered and leached in the upper sections, as a result of contact with atmospheric waters. The oxide tailings material is primarily from this source, whereas the sulphide tailings are predominantly from material sourced at depth from the underground workings. In Mexico, these types of deposits can have large lateral extents, but can be limited in the vertical continuity of grades.

The valuable minerals found during the period of mining of the oxide zone were reported to be argentite, bromargyrite, chalcopyrite, chalcocite, galena, sphalerite, bornite, native silver, gold and native copper. The gangue minerals include hematite, chlorite, quartz, barite, pyrite, arsenopyrite and pyrrhotite. Malachite, anglesite, and limonite are common in the quartz zones of the weathered parts of the oxide material.

Property Ownership

The current Property is comprised of 23 mineral concessions, totalling 1,103.934 ha.

In 1968, Avino Mines and Resources Ltd. acquired a 49% interest in Avino Mexico and Minera San José de Avino SA, which together held mineral claims totalling 2,626 ha (6,488 ac). Avino Mines and Resources Ltd. retained Vancouver-based Cannon-Hicks & Associates Ltd. (Cannon-Hicks), a mining consulting firm, to conduct the exploration and development of the Property. Cannon-Hicks exploration activities included surface and underground sampling and diamond drilling (VSE 1979).

In early 1970, Avino Mines and Resources Ltd. signed a letter of intent with Denison Mines Ltd. for the future development of the Avino Mine. However, the agreement was never signed.

In May 1970, Avino Mines and Resources Ltd. signed a formal agreement with Selco Mining and Development (Selco), a division of Selection Trust Company. Due to other commitments, Selco abandoned its interest in the Project in 1973 (VSE 1979).

In October 1973, Avino Mines and Resources Ltd. signed a new agreement with S.G.L. Ltd. and Sheridan

Geophysics Ltd. Under the terms of the agreement, S.G.L. Ltd. was to provide up to \$500,000 plus the management to erect a resource processing plant. The agreement provided for the return of the capital from first cash flow, plus a management fee and interest payment together with an option to convert a portion of the advanced funds to common shares. The agreement with S.G.L. Ltd. was terminated in mid-1976.

On July 17, 2006, the Company completed the acquisition of Compañía Minera Mexicana de Avino, S.A. de C.V. (“Avino Mexico”), a Mexican corporation, through the acquisition of an additional 39.25% interest in Avino Mexico which combined with the Company’s pre-existing 49% share of Avino Mexico, brought the Company’s ownership interest in Avino Mexico to 88.25%. The additional 39.25% interest in Avino Mexico was obtained through the acquisition of 79.09% of the common shares of Promotora Avino S.A. de C.V., referred to as “Promotora”, which in turn owns 49.75% of Avino Mexico’s common shares, and the direct acquisition of 1% of the common shares of Avino Mexico.

The July 17, 2006 acquisition was accomplished by a share exchange by which the Company issued 3,164,702 shares as consideration, which we refer to as the “Payment Shares”, for the purchase of the additional 39.25% interest in Avino Mexico. The Payment Shares were valued based on the July 17, 2006 closing market price of the Company’s shares on the TSX-V.

The Company acquired a further 1.1% interest in Avino Mexico through the acquisition from an estate subject to approval and transfer of the shares to the Company by the trustee for the estate. On December 21, 2007 approval was received and the Company obtained the 1.1% interest from the estate for no additional consideration.

On February 16, 2009, the Company converted existing loans advanced to Avino Mexico into new additional shares of Avino Mexico. As a result, the Company’s ownership interest in Avino Mexico increased to 99.28%.

On June 4, 2013, the Company converted existing loans advanced to Avino Mexico into new additional shares of Avino Mexico, resulting in the Company’s ownership increasing by 0.38% to an effective 99.67%. The issuance of shares to the Company by Avino Mexico on June 4, 2013 resulted in a reduction in the non-controlling interest from 0.72% to 0.34%.

On August 26, 2015, the Company converted existing loans advanced to Avino Mexico into new additional shares, resulting in an increase of the Company’s ownership by 0.01% to an effective 99.67%. The intercompany loans and investments are eliminated upon consolidation of the financial statements. The Company had a pre-existing effective ownership interest of 99.66% in Avino Mexico prior to the 0.01% increase. The issuance of shares to the Company by Avino Mexico on August 26, 2015, resulted in a reduction in the non-controlling interest from 0.34% to 0.33%.

Summary of Property Ownership

Company	Relationship to Avino Silver & Gold Mines Ltd.	Effective Ownership of Avino Mine Property (%)
Avino Mexico	Subsidiary	98.45
Promotora Avino, S.A. de C.V.	Subsidiary	1.22
Total Effective Ownership of Avino Mine Property	-	99.67
Estate of Ysita	Non-controlling interest	0.33
Total	-	100.00

Mineral Concessions and Agreements

The current Property is comprised of 23 mineral concessions, totalling 1,103.934 ha. Of these, 22 mineral concessions totalling 1,005.104 ha, are held by Avino Mexico (Avino’s Mexican subsidiary company), Promotora Avino SA de CV, and Susion de la Sra. Elena del Hoyo Algara de Ysita. Ownership proportions and mineral concessions are summarized in the tables below:

Claim Staking and Mineral Tenure in Mexico

In 1992, a new Mining Law was enacted and has been amended from time to time since then. In general, and for North American companies in particular, Mexican law permits direct or indirect 100% foreign ownership of exploration and mining properties. For practical purposes, most foreign companies establish Mexican subsidiaries. Mining companies are subject to the normal corporate income tax rate of 30%. Further, in 2014 the Mexican Government enacted a new tax reform which includes a 7.5% mining royalty calculated as taxable revenues (except interest and inflationary adjustment), less allowable deductions for income tax purposes (excluding interest, inflationary adjustment, mining concessions and depreciation and depletion), less exploration expenses, and a 0.50% environment on sale of silver and gold.

In December 2005, amendments to the mining law eliminated the distinction between “exploration” and “exploitation” concessions. Currently, the mining act and regulations provide solely for mining concessions (Concesiones Mineras), which are issued for a term of fifty years, renewable for an additional term of fifty years.

Owners of mining concessions are obliged to:

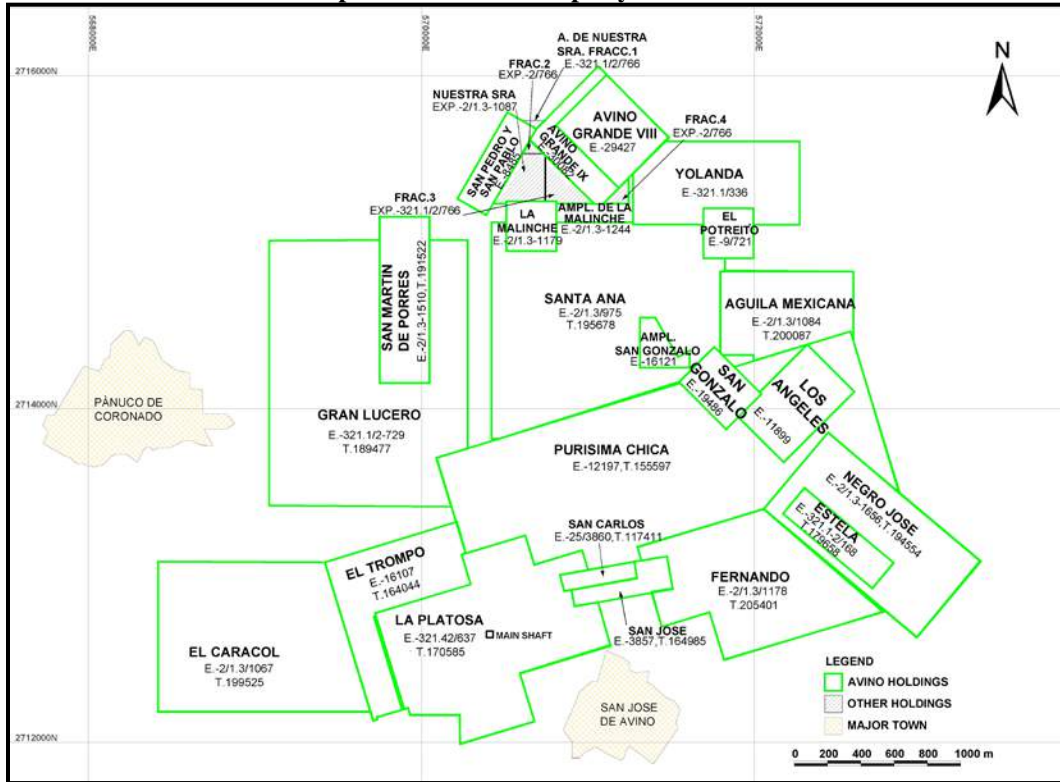
- Execute work under the terms and conditions established in the mining law;
- Pay fees to the Secretaria de Economia on a semi-annual basis;
- Locate on the ground a starting point (mojonera) for the location of the concession, and maintain the mojonera in good condition;
- Begin work on the concession within 90 days of receiving the mining title;
- File annual reports describing the work completed and the amount spent doing the reported work*;
- The Direccion General de Minas (“DGM”) has the right to audit the receipts and verify that reported work was completed in the field; and
- Failure to comply with the obligations or to assist the DGM with an audit will result in cancellation of the mining concession.

Mineral Concessions – Avino Property

Concession Name	Concession No.	Claim Type	Location	Hectares (ha)	Date Acquired	Expiration Date	Cost (US\$/ha)	Payment (US\$)
Agrupamiento San Jose (Purisma Chica)	155597	Lode	Pánuco	136.708	30/09/1971	29/09/2021	124.74	17,052.91
Agrupamiento (San Jose)	164985	Lode	Pánuco	8	13/08/1979	12/8/2029	124.74	997.92
Agrupamiento San Jose (El Trompo)	184397	Lode	Pánuco	81.547	13/10/1989	12/10/2039	124.74	10,172.12
Agrupamiento San Jose (Gran Lucero)	189477	Lode	Pánuco	161.468	5/12/1990	4/12/2040	124.74	20,141.57
Agrupamiento San Jose (San Carlos)	117411	Lode	Pánuco	4.451	5/2/1961	16/12/2061	124.74	555.16
Agrupamiento San Jose (San Pedro Y San Pablo)	139615	Lode	Pánuco	12	22/06/1959	21/06/2061	124.74	1,496.88
Aguila Mexicana	215733	Lode	Pánuco	36.768	12/3/2004	29/06/2044	70.88	2,606.12
Ampliacion La Malinche	204177	Lode	Pánuco	6.01	18/12/1996	17/12/2046	124.74	749.72
Ampliacion San Gonzalo	191837	Lode	Pánuco	5.85	19/12/1991	18/12/2041	124.74	729.67
Avino Grande Ix	216005	Lode	Pánuco	19.558	2/4/2002	1/4/2052	70.88	1,386.24
Avino Grande Viii	215224	Lode	Pánuco	22.882	14/02/2002	13/02/2052	70.88	1,621.85
El Caracol	215732	Lode	Pánuco	102.382	12/3/2002	28/04/2044	70.88	7,256.84
El Potrerito	185328	Lode	Pánuco	9	14/12/1989	13/12/2039	124.74	1,122.66
Fernando	205401	Lode	Pánuco	72.129	29/08/1997	28/08/2047	124.74	8,997.33
La Estela	179658	Lode	Pánuco	14	11/12/1986	12/12/2036	124.74	1,746.36
La Malinche	203256	Lode	Pánuco	9	28/06/1996	27/06/2046	124.74	1,122.66
Los Angeles	154410	Lode	Pánuco	23.713	25/03/1971	24/03/2021	124.74	2,957.96
Negro Jose	218252	Lode	Pánuco	58	17/10/2002	16/10/2052	70.88	4,111.04
San Gonzalo	190748	Lode	Pánuco	12	29/04/1991	28/04/2041	124.74	1,496.88
San Martin De Porres	222909	Lode	Pánuco	30	15/09/2004	14/09/2054	70.88	2,126.40
Santa Ana	195678	Lode	Pánuco	136.182	14/09/1992	13/09/2042	124.74	16,987.38
Yolanda	191083	Lode	Pánuco	43.458	29/04/1991	28/04/2041	124.74	5,420.91
Total hectares				1,005.106				

Note: Concession “La Platosa” is not included because it is not held by Avino.

Map of Avino Mine Property Concessions



On February 18, 2012, through its subsidiary company Avino Mexico, Avino re-entered into an agreement (the Agreement) with Minerale de Avino, S.A. de C.V. (“Minerale”), whereby Minerale has indirectly granted to Avino the exclusive mining and occupation rights to the La Platosa concession. The La Platosa concession covers 98.83 ha and hosts the Avino vein and ET Zone.

Pursuant to the Agreement, Avino has the exclusive right to explore and mine the concession for an initial period of 15 years, with the option to extend the agreement for another 5 years. In consideration of the grant of these rights, Avino must pay to Minerale the sum of US\$250,000, by the issuance of common shares of Avino. Avino will have a period of 24 months for the development of mining facilities.

Avino has agreed to pay to Minerale a royalty equal to 3.5% of NSRs. If at the commencement of commercial production from the property the monthly processing rate of the mine facilities is less than 15,000 tonnes, then Avino must pay to Minerale in any event a minimum royalty equal to the applicable NSR royalty based on processing at a minimum monthly rate of 15,000 tonnes. In the event of a force majeure, Avino shall pay the minimum royalty as follows:

- first quarter: payment of 100% of the minimum royalty;
- second quarter: payment of 75% of the minimum royalty;
- third quarter: payment of 50% of the minimum royalty;
- fourth quarter: payment of 25% of the minimum royalty; and
- in the case of force majeure still in place after one year of payments, payment shall recommence at a rate of 100% of the minimum royalty and shall continue being made as per the quarterly schedule.

Minerale has also granted to Avino the exclusive right to purchase a 100% interest in the concession at any time during the term of the Agreement (or any renewal thereof), upon payment of US\$8 million within 15 days of Avino’s notice of election to acquire the Property. The purchase would be completed under a separate purchase agreement for the legal transfer of the concession. This agreement replaces all other previous agreements.

During the month of May of each year, Avino must file assessment work made on each concession for the immediately preceding calendar year. During the months of January and July of each year, Avino must pay in advance the mining taxes which are based on the surface of the concession and the number of years that have elapsed since it was issued.

Consistent with the mining regulations of Mexico, cadastral surveys have been carried out for all the listed mineral concessions as part of the field staking prior to recording (Slim 2005d). It is believed that all concessions are current and up to date. Mineral concessions in Mexico do not include surface rights. Avino has entered into agreements with communal land owners (Ejidotes) of San José de Avino, for the temporary occupation and surface rights of the concessions.

Based on a review of documents, issued title certificates and the unhindered residence on the Property, Tetra Tech has verified that Avino owns the concessions through its Mexican subsidiary company, Avino Mexico, and that there is no indication of any encumbrances at the site. Furthermore, the legal document prepared by Jesús Bermúdez Fernández, dated February 18, 2012, delineating the terms of the agreement on the La Platosa concession has been sourced for information.

History

Avino Mine

The Avino deposit was originally discovered around 1555 by the Spanish conquistador, Don Francisco de Ibarra. In 1562, Francisco de Ibarra, was appointed governor of the newly formed province of Nueva Vizcaya, in the Viceroyalty of Nueva España (New Spain) and, in 1563, founded the town of Durango. Francisco de Ibarra led several expeditions in search of silver deposits in the region and is recognized as having established Minas de Avino, present day Avino Mine; San Martín, Durango; and Pánuco, Sinaloa. Mining activities at the Avino Mine are said to have commenced in 1562-1563 and have been in production until the early 1900s. Operations at the Avino Mine continued up to the onset of the War of Independence (1810) when operations were interrupted but continued through to the early 1900s.

In 1880, the mines were taken over by Avino Mines Ltd., a company controlled by American and English interests. With aid of new industrial technology the Avino mine developed into a more efficient mining operation. By 1908, the Avino Mine was considered one of the largest open pit mines in the world and equipped with one of the largest lixiviation smelters (Gallegos 1960; Bannon 1970; VSE 1977; Slim 2005d).

During the outbreak of the Mexican Revolution in 1910, proceeds from the mine supplied funds to the revolutionary forces. Since much of the fighting occurred in and around Durango and the risk posed by brigands hiding in the mountains was high, the mine was abandoned in 1912.

Between 1912 and 1968, the mine was worked intermittently on a very small scale (Avino Annual Report 1980). There is no known historical record of production from the Avino Mine during this period. The Avino Property was acquired under current ownership in 1968.

In 1968, the current operators of the Avino property acquired an initial 49% interest in the property. Initial mining was by open-cut in the oxide material from 1976 until 1992 when the stripping ratio was becoming excessive and sulphide content increasing at which date the extraction was transferred to underground. This necessitated a mill change from the prior lead concentrate production to one of copper carrying silver and gold. In the 1990s a larger ball mill was installed, to increase throughput to 1,000 t/d.

During the underground mining period starting in 1992, Trackless mining was adopted, with all underground advancement headings sized at 4m x 4m. Mine access from surface was by a spiral ramp from a portal on the south side of the hill and there is a secondary ramp– Rampe El Trompo – to the north side, close to the maintenance shop.

Production was by sub-level stoping with a sub-vertical increment restricted from 11m to 15m to countermine dilution arising from an occasional, semi-incompetent hanging-wall. Stopes were started by raising, and then slashing to the designated width. Blasting was by parallel holes drilled with a traditional drill wagon. Rib and sill pillars were left but are generally considered as non-recoverable.

Standard mine development was by using boom jumbo with waste being dumped where possible into old stopes. Ore mucking and haulage was by scoop tram and dumped on surface at the main portal. The ore was then picked up and transferred to the plant ROM hopper about 300 m away.

A surface-stacked, downstream tailings-system was adopted with cyclones on the tails discharge line to provide coarse wall-material. Decant water was recovered by a back-slope gradient and pumping, for mill re-circulation. A second, stepped-back bench was created, possibly about 1986 or 1987. A third bench was started, apparently in 1990, with about two years placement of final oxide material then continued with the sulphide tails.

The Avino Mine and processing plant were serviced by a heavy equipment repair shop, mechanical and electrical shops, assay office, metallurgical laboratory, warehouse and other auxiliary facilities. Electric power was supplied by the government-owned Federal Electricity Commission.

In November 2001, delays in payments, low metals prices and the closure of the toll smelter led to the suspension of mine operations. During the 27 year period of extracting and processing resources starting in 1974, output from the Avino mine totalled approximately 497 tons of silver, three tons of gold, and 11,000 tons of copper. When mining activities stopped, level 12 of the mine had been reached.

The property was mainly dormant from 2002 to 2006, largely due to low copper and silver prices.

San Gonzalo Mine

The history of the San Gonzalo deposit is not well known. Shallow workings from an old mine are present in the San Gonzalo vein, and consist of small underground workings which were originally accessed by a five-level vertical shaft. These workings were sampled by M. Evans in 1954. The workings are accessible through a raise that was driven in 2012 which is being used for ventilation. No attempts have been made to duplicate the results of the 1954 sampling. The limits of past workings have been taken from old maps but are assumed to be reasonably accurate (Gunning 2009).

Current Condition

San Gonzalo Mine

Avino gained control of the property in July 2006 and exploration (see exploration section below) resumed that year; this led to the discovery of new mineralization at San Gonzalo.

The original underground workings extend over an area approximately 150 m along strike and 136 m in depth. In 2007-08 Avino conducted a 42-hole, 9,204 meter drill program to explore the San Gonzalo deposit. Drilling produced encouraging results which were input into a resource calculation in 2009.

Following a 2009 mineral resource estimate, independently verified preliminary metallurgical testing on a composite sample of San Gonzalo material was completed at SGS Minerals Services in Durango, Mexico. The results indicated the silver and gold minerals from the San Gonzalo vein at lower levels would respond favorably to flotation with gold recoveries of 89 to 90% and silver recoveries of 92 to 93%.

The San Gonzalo mining activities began in January 2010. DMG the mining contractor was contracted to provide this service. Their original scope of work was to drive the main haulage decline to level 2 and to intersect the vein; drift and sample to the east and the west on the vein, and to determine the extent of the mineralized zones and to extract the 10,000 tonne bulk sample for testing as per the recommendations of the Orequest Mineral Resource Estimate Report. A smaller decline to level 1 was also commissioned and its purpose was for ventilation and an escape route once the two levels were connected by raises from level 2 to level 1. This scope of work was extended with the successful completion of the bulk sample program and mining continued with the aim of developing San Gonzalo to a state whereby it could provide mill feed at the rate of 250 tonnes per day on a sustained basis.

Processing of San Gonzalo material began in late November 2010 in the newly refurbished 250 tonne per day bulk flotation circuit. Testing with extracted material was performed initially to ensure the circuit was operating satisfactorily before the bulk sample test with material from the stopes began in January of 2011. The bulk sample test continued until early April 2011 when the limit of 10,000 tonnes was achieved for the independent verification. Processing of the remaining San Gonzalo material on stockpile continued until the middle of May. During this period of November 2010 to May 2011, the plant processed a total of 19,850 tonnes leaving approximately 14,798 tonnes remaining on stockpile in inventory by calculation.

The majority of the concentrate processed during the bulk sample test was sold and the assays from the concentrate sale were used to reconcile the mill balance as reported following the verification of the bulk sampling results. All the remaining concentrate processed from the extracted material was shipped and sold early in 2012.

Following the completion of the bulk sample which was comprised of material from levels 1 and 2, mine advancement at San Gonzalo has been ongoing. In 2012, the remaining material from the stopes on level 2 was mined and brought to the surface. During 2012, level 3 was the main focus of mining activities with two stopes having been developed and partially extracted by the end of the year. By the end of July, a decline from level 3 to level 4 had been completed and work on the ramp to level 5 had commenced. By year-end, level 5 had been reached and stope advancement on level 4 was underway. Underground advancement for 2012 totaled 2,558 meters consisting of ramp advancement, cross cuts, drifts and raises.

During 2013 the extraction of resources came mainly from level 4. Advancement of level 5 was ongoing and by year end a sampling program totaling 440 meters had been completed. The ramp from level 5 to level 6 had been completed by April 2014.

During 2014, mine exploration and advancement included the discovery of significant additional mineralization along strike to the southeast while drifting on level 5. These areas had not previously been considered for mining. Following this discovery, the extension of this new mineralized zone was explored on levels 2 through 6. Previous exploration did not encounter this area as the vein had pinched out and an offset of the vein was not considered at that time. During 2014, extraction of resources came primarily from levels 5 and 6 as well as from mined material from the new zone on level 3. Advancement work on level 6 continued throughout the fourth quarter, and by year end the main haulage ramp had progressed past the level 7 elevation of 2,043 meters above sea level towards level 8.

During 2015, San Gonzalo mill feed came primarily from stopes on levels 4, 5 and 6. During the second quarter, the ramp advance was deferred (at 70 metres below level 7) in favor of using the mining equipment to advance levels 5, 6 and 6.5 laterally along the San Gonzalo structure to the East and West where the new mineralized zones were identified in 2014.

Access to the underground at San Gonzalo is via a 4m by 4m decline developed at -12%. The decline is developed at about 20m to 25m from the mineralized material. San Gonzalo is using shrinkage mining for the narrower mineralized material, ~1.4m in width and cut and fill mining for mineralized material wider than 2m.

The San Gonzalo Mine was subject to a mineral resource estimate which was published in July 2013; please see the section below on *Mineral Resource Estimates* for more details.

Avino Mine

In February 2012, a new long-term royalty agreement was signed to grant Avino mining rights to the main Avino vein. At the time of signing this agreement, Avino planned to refurbish the existing 1,000 TPD circuit to process the material from the main Avino vein.

To resume underground advancement at the Avino Mine, the existing underground workings had to be dewatered; the dewatering process was completed in May 2014. The process lasted for a total of 482 days, and successfully removed 1,013,069 cubic meters of acidic water which was then treated for the removal of base metals using lime. The treated water, which met agricultural standards for discharge, was used for mill processes and the excess was gravity fed to the Company-built La Caricol dam; sludge from the water treatment plant was disposed of in the tailings storage facility.

Following dewatering and rehabilitation of the haulage ramp, underground mining activities re-commenced at the Avino Mine. Full scale mining began at level 11.5 with drifts heading east and west along the vein during the third quarter of 2014. By the end of 2014, a total of 877 metres of underground advancement had taken place on levels 11.0 and 12.0 with the haulage ramp advancing to level 12.5.

Initially, new material from underground at Avino was processed on a limited scale using the existing 250 TPD Mill Circuit 2. By year end, rehabilitation of the 1,000 TPD Mill Circuit 3 had been completed and sufficient material had been stockpiled; on January 1, 2015, the Company commenced testing of mining and milling methods at levels anticipated for full-scale activities.

During 2015, underground advancement totalled 5,056 metres and took place mainly in levels 12.5 to 14.5 with the ramp advancing to level 15. The breakdown of the advance in 2015 consisted of 2,855 metres of drifts, 785 metres of ramp, 1,050 metres of crosscuts and 366 metres of raises.

The Avino Mine was subject to a mineral resource estimate which was published in July 2013; please see the section below on *Mineral Resource Estimates* for more details.

Tailings Resource

Avino continues to explore options for exploiting the mine's tailings resource left from past mining of the Avino Vein. The tailings are situated approximately 500 m west-southwest of the main shaft to the main Avino mine.

This asset includes oxide and sulphide tailings, each requiring separate treatment methods. The tailings resource was created during between 1976 and 2001 during Avino's previous operation from both open pit (oxide tailings) then later underground (sulphide tailings) mining. Improved metals markets now potentially enable Avino to process the remaining silver and gold in the tailings.

The existing tailings storage facility is presently being used in connection with the operation of Mill Circuits 1, 2, and 3. In 2016, the Company expects to finalize plans to build a new tailings storage facility which represents the first phase of the plan outlined in the Tetra Tech technical report and is also necessary for continued extraction and processing activities at the Avino and San Gonzalo Mines.

The oxide tailings were produced between 1974 and 1993 from open pit mining of the main Avino vein. In 2012, the oxide tailings resource was the subject of a preliminary economic assessment completed by Avino's independent engineering consultants Tetra Tech. The results of the study were published in the July 2013 Technical Report on the Avino Property, Durango, Mexico by Tetra Tech. (Please see the section below titled: *Tailings Resource – Preliminary Economic Assessment*). Further details the oxide tailings please see the section below titled: *Mineral Resource Estimates*.

Project Infrastructure

The Avino Mine is connected to the local power grid with a line capacity quoted at 4 MW when the mine last operated in 2001. With the shutdown, much of this excess power was diverted to the surrounding towns in the district. The present power line provides only 1,000 kW of power with 500 kW servicing the mill, 400 kW for San Gonzalo and the balance for the well at Galeana, the employee accommodation facility and water reclamation from the tailings dam. The San Gonzalo power line was built in 2009 to replace the contractor's diesel generator used during mine advancement.

Discussions with CFE, the federal electricity commission in Mexico, on a new 34.5kV power line were completed in 2014 along with a study covering the proposed locations of towers and power poles. Additionally, in October 2014, CFE informed the Company that it had completed internal upgrades to several transformers that would enable CFE to provide Avino with sufficient grid power to operate all three mill circuits and both underground locations in the interim period prior to the commissioning of the new power line. Construction of the new power line was completed in 2015; at the time of this report, the power line was ready for use but awaiting final approval from the CFE.

While water supply was found to be limiting in the past, Avino has taken the necessary steps to secure adequate supply. To supplement the 1 Mm³ dam built by Avino in 1989, a well (Galeana) was drilled to the west of the mine site in 1996 to a depth of 400 m and is reported to have a water level at 40 m below the collar. From this, a pipeline connection has been installed to the mine. Additionally, Avino Mexico, in cooperation with the government, has repaired a government dam (El Caracol) and raised the dam wall by 6 m. A pipeline to the mine has also been installed. This dam is shared with the population of Pánuco de Coronado for their irrigation needs, as 60% for the mine and 40% for the town, with government setting the annual total take to which percent sharing applies. Mine site water use is from a combination of tailings water reclaim, El Caracol, and Galeana with preference given to mine site sources for which no water conservation charge was applicable (Slim 2005).

Processing Plant

In September 2006, the Company conducted a review of the plant, including the condition of all equipment, capacity of each circuit, and efficiency of the plant. The review was an order of magnitude cost estimate for putting the plant back into operation at the rate of 1,000 tpd, which was approximately \$3 million. In the property valuation, the mill was estimated at roughly \$40 million.

The Company's processing plant was built in the 1970's and was refurbished to accommodate increased capacity in 1993. Most of the infrastructure was in place for two 250 tpd circuits and one 1,000 tpd circuit. At the time of shutdown in 2001 due to low commodity prices and the closure of a smelter, the mill was operating at an average rate of 1,130 tpd.

In order to perform the bulk sample program at San Gonzalo, major infrastructure spending and mill repairs were required. Most of these expenditures took place in 2008 and 2009 with additional spending required more recently as further needs arose to meet the demands of mining activities.

Beginning in May 2011, when the San Gonzalo stockpiled material was depleted following the bulk sample, the process plant was used to treat old stockpiles from historic extraction at the Avino Mine. These were lower-grade stockpiles which were originally considered marginal or waste due to prevailing metal prices at the time. These stockpiles were processed until underground advancement at San Gonzalo was sufficient to provide mill feed at a sustained rate of 250 tonnes per day. On October 1, 2012, Avino made the transition to San Gonzalo mill feed and declared that resource extraction and processing had reached levels intended by management at San Gonzalo.

During the second quarter of 2013, a second 250 tpd circuit (“Mill Circuit 2”) in the mill was commissioned and put into operation for the processing of remaining Avino Mine surface stockpiles. In September 2014, Mill Circuit 2 began processing new mineralized material from the Avino Mine during the mine’s commissioning phase. On January 1, 2015, Mill Circuit 2 transitioned to processing feed material from the San Gonzalo Mine stockpile which continued throughout the first half of 2015 apart from May, when Mill Circuit 2 was once again used to process Avino Mine surface stockpiles. During the second half of 2015, Mill Circuit 2 was used to process mineralized material from the Avino Mine underground in July, August, November and December; and mineralized material from the San Gonzalo Mine during September and October. In 2016, Mill Circuit 2 is expected to primarily process mineralized material from the Avino Mine.

In November 2014, Avino completed its Mill Circuit 3 expansion in preparation for the re-opening of the main Avino Mine. The refurbished circuit was initially commissioned using historic above ground Avino Mine stockpiles during the November and December of 2014. Mill Circuit 3 began processing new mill feed from underground at the Avino Mine beginning on January 1, 2015. During 2015, Mill Circuit 3 was optimized to process approximately 1,150 tonnes per day.

<i>Circuit #</i>	<i>Operating Throughput (TPD)</i>	<i>Sources of Mill Feed</i>	<i>Operating Status</i>
<i>1</i>	<i>250</i>	<i>San Gonzalo Mine (“SG”)</i>	<i>Now Online</i>
<i>2</i>	<i>250</i>	<i>Avino Mine Stockpiles, SG, Avino Mine*</i>	<i>Now Online</i>
<i>3</i>	<i>1,150</i>	<i>Avino Mine*</i>	<i>Now Online</i>

- Circuit 1 is expected to continue to process high-grade mill feed from the San Gonzalo Mine.
- Circuit 2 is expected to continue to primarily process mineralized material from the Avino Mine.
- Circuit 3 is expected to continue to process mineralized material from the Avino Mine.

**No feasibility study or preliminary economic assessment has been carried out at the Avino Mine. The Company expects to achieve extraction and processing of resources at levels intended by management without undertaking any further formal studies at this time.*

Mining Fleet

To operate the Avino and San Gonzalo Mines, Avino’s mining fleet currently consists of 2 front end loaders, a dozer, 10 scoop trams, 5 jumbos, a combination backhoe and rock breaker, a surface and an underground drill, a mini loader, a grader suitable for surface and underground, 17 haulage trucks (contractor provided), a shotcrete machine and 13 light service passenger vehicles.

Costs Incurred to Date

The table below for the years ended December 31, 2010 to December 31, 2015 contains selected financial data prepared in accordance with IFRS derived from our audited consolidated financial statements for the periods ending on such dates. The financial data presented for the 2006 to 2009 fiscal years was prepared in accordance with U.S. GAAP and is not comparable to information prepared in accordance with IFRS.

	<i>Exploration and Evaluation Expenditures</i>	<i>Capital Expenditures</i>	<i>Operating and Administrative Expenses*</i>	<i>Total</i>
<i>2006</i>	<i>72,208</i>	<i>18,331</i>	<i>4,014,734</i>	<i>4,105,273</i>
<i>2007</i>	<i>2,292,156</i>	<i>777,586</i>	<i>868,527</i>	<i>3,938,269</i>
<i>2008</i>	<i>1,764,719</i>	<i>93,492</i>	<i>1,575,913</i>	<i>3,434,124</i>
<i>2009</i>	<i>320,100</i>	<i>281,461</i>	<i>669,178</i>	<i>1,270,739</i>
<i>2010</i>	<i>1,839,096</i>	<i>324,360</i>	<i>1,110,643</i>	<i>3,274,099</i>
<i>2011</i>	<i>4,590,331</i>	<i>1,483,453</i>	<i>4,042,647</i>	<i>10,116,431</i>
<i>2012</i>	<i>2,387,771</i>	<i>946,286</i>	<i>1,929,746</i>	<i>5,263,803</i>
<i>2013</i>	<i>2,857,974</i>	<i>4,256,137</i>	<i>4,247,431</i>	<i>11,361,542</i>

2014	3,595,686	8,489,595	3,984,103	16,069,384
2015	1,812,709	5,462,399	4,428,630	11,703,738
Total	21,532,750	22,133,100	26,871,552	70,537,402

*Operating and administrative expenses do not reflect other income or expenses or other comprehensive income or loss.

Below is a table summarizing the estimated planned future costs for 2016. The Company will need to raise capital to meet its planned future costs. No assurance can be given that the Company will be able to raise the amounts in the table below or that actual future costs will equal the amounts in the table below. If the Company is unable to raise capital to meet its planned future costs, it may have to curtail planned activities.

Year	Operating Expenses	Capital Expenditures	TOTAL
2016	\$10,892,717	\$30,968,188	\$41,860,905

Mineral Reserve Estimates

There are currently no mineral reserves on the Property.

Mineral Resource Estimates

Below is a summary of current mineral resources at the San Gonzalo and Avino Mines as well as the oxide tailings resource (as reported in the July 2013 Technical Report on the Avino Property) grouped into the measured, indicated and inferred categories. The effective dates of the resource estimates are June 10, 2013 for the San Gonzalo and Avino Mines, while the effective date for the Oxide Tailings is July 24, 2012, but it is still considered current.

Resource Category	Deposit	Cut-off Ag Eq*	Tonnes	Contained Metal				Grade			
				Ag_Eq	Ag	Au	Cu	Ag_Eq	Ag	Au	Cu
				(oz)	(oz)	(oz)	(t)	(g/t)	(g/t)	(g/t)	(%)
Measured	San Gonzalo System	150	71,416	914,791	759,801	3,288	N/A	398	331	1.432	N/A
Total Measured - All Deposits			71,416	914,791	759,801	3,288	N/A				
Indicated	Avino System	100	4,253,968	23,838,629	10,835,338	72,207	30,914	174.3	79.2	0.528	0.727
Indicated	San Gonzalo System	150	222,407	2,763,069	2,043,514	15,263	N/A	386	286	2.134	N/A
Total Indicated - All Deposits			4,476,375	26,601,698	12,878,852	87,470	30,914				
Inferred	Avino System	100	3,220,896	16,262,944	7,068,831	75,858	17,719	157	68.3	0.733	0.55
Inferred	San Gonzalo System	150	1,085,276	10,494,843	8,158,834	49,549	N/A	300.8	233.8	1.42	N/A
Inferred	Oxide Tailings	50*	2,340,000	N/A	6,660,000	39,530	N/A	N/A	91.3	0.54	N/A
Total Inferred - All Deposits			6,646,172	26,757,787	21,887,665	164,937	17,719				

*Ag Eq not calculated for the oxide tailings resource; cut-off in g/t Ag.

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. 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 the Indicated or Measured mineral resource category.

San Gonzalo Mine System

The San Gonzalo Mine estimate was based on data from surface diamond drill programs between 2007 and 2011 (64 holes and 14,624 meters of drilling) and underground advancement sampling data from levels 1, 2, 3 and 4. Modelling of this data also shows the presence of mineralization for the nearby Angelica vein and its resource estimate has been added to those of the San Gonzalo vein.

The base case scenario used in the estimation assumes a silver price of \$US20 which translates into a cut-off grade of 150 g/t silver equivalent at San Gonzalo. The current silver price analysis using US\$24.50 per ounce

establishes a cut-off grade of 120 g/t for silver equivalent. Since extracting and processing resources at levels intended by management began in October 2012, Avino has been using a cut-off grade of 300 g/t for silver equivalent.

A summary of the resource at the San Gonzalo mine using different cut-off grades is presented below:

Resource Category	Ag_Eq Cut-off	Volume (m ³)	Tonnes	Density	Metal			Grade		
					Ag_Eq (oz)	Ag (oz)	Au (oz)	Ag_Eq (g/t)	Ag (g/t)	Au (g/t)
Measured and Indicated	50	163,400	425,764	2.606	4,076,578	3,124,273	20,199	297.8	228.2	1.476
	100	134,112	349,348	2.605	3,901,468	2,987,063	19,396	347.4	265.9	1.727
	120	126,688	329,323	2.599	3,830,639	2,927,804	19,150	361.8	276.5	1.809
	150	113,264	293,822	2.594	3,677,861	2,803,315	18,550	389.3	296.8	1.964
	200	89,704	231,583	2.582	3,325,495	2,528,182	16,912	446.6	339.6	2.271
Inferred	50	560,128	1,476,184	2.635	11,899,790	9,281,947	55,527	250.7	195.6	1.170
	100	512,920	1,352,355	2.637	11,615,072	9,055,601	54,289	267.1	208.3	1.249
	120	488,944	1,289,240	2.637	11,391,021	8,880,117	53,259	274.8	214.2	1.285
	150	412,200	1,085,276	2.633	10,494,843	8,158,834	49,549	300.8	233.8	1.420
	200	296,232	779,484	2.631	8,811,481	6,824,184	42,153	351.6	272.3	1.682
	250	209,536	551,401	2.632	7,148,532	5,508,613	34,785	403.2	310.7	1.962

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. 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 the Indicated or Measured mineral resource category.

San Gonzalo Mine – Resource Depletion

The mineral resource estimate at San Gonzalo does not factor in depletion from ongoing mining activities. Including the bulk sample test as well as extracting and processing resources from Q4 2012 to Q4 2015, thus far Avino has extracted a total of 288,664 tonnes as of December 31, 2015.

Avino Mine System

The Avino Mine estimate was based on data from surface diamond drill programs between 2006 and 2012 (34 holes and 11,523 meters of drilling). Historic mining information was also provided to assist with the modelling of the deposit for the mined out open pit and underground areas as well as to project the shape of the deposit below the 12th level. The 3D wire frame model shows the presence of another mineralization zone called the “Hanging Wall Breccia” or “Cross Cutting Vein”. Its resource estimate has been included in the Avino Mine system.

A summary of the resource at the Avino mine using different cut off grades is presented below:

Resource Category	Cut-off Ag Eq	Volume (m ³)	Tonnes	Density	Metal				Grade			
					Ag_Eq (oz)	Ag (oz)	Au (oz)	Cu (t)	Ag_Eq (g/t)	Ag (g/t)	Au (g/t)	Cu (%)
Indicated	50	3,156,176	8,485,813	2.689	33,698,095	14,645,088	105,279	45,384	123.5	53.7	0.386	0.535
	80	2,113,760	5,673,771	2.684	27,938,365	12,390,900	86,867	36,874	153.2	67.9	0.476	0.650
	100	1,584,648	4,253,968	2.684	23,838,629	10,835,338	72,207	30,914	174.3	79.2	0.528	0.727
	150	863,528	2,327,430	2.695	16,205,941	7,697,377	46,408	20,369	216.6	102.9	0.620	0.875
	200	405,792	1,105,097	2.723	9,474,178	4,522,283	27,828	11,718	266.7	127.3	0.783	1.060
Inferred	50	3,316,272	8,982,925	2.709	29,258,352	12,407,216	130,031	33,978	101.3	43.0	0.450	0.378
	80	1,742,616	4,710,633	2.703	20,488,097	8,718,189	97,196	22,668	135.3	57.6	0.642	0.481
	100	1,193,320	3,220,896	2.699	16,262,944	7,068,831	75,858	17,719	157.0	68.3	0.733	0.550
	150	519,704	1,399,366	2.693	8,967,681	4,229,254	29,878	10,670	199.3	94.0	0.664	0.763
	200	204,560	552,562	2.701	4,338,265	2,289,307	7,375	5,539	244.2	128.9	0.415	1.002
	250	71,344	195,258	2.737	1,802,917	1,022,743	2,284	2,197	287.2	162.9	0.364	1.125

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. 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 the Indicated or Measured mineral resource category.

Avino Mine – Resource Depletion

The mineral resource estimate at the Avino Mine does not factor in depletion from ongoing mining activities. Extracting and processing underground Avino Mine resources began in late 2014, and Avino has extracted 407,539 tonnes of mineralized material as of December 31, 2015.

Oxide Tailings Resource

The mineral resource was estimated for the oxide tailings generated from prior historical mining activities, using ordinary kriging (OK) interpolation and uncapped grades. The assay values for this estimate are based on 28 drill holes, which were completed on the tailings by Avino Mexico in 1990, and include 407.75 m of drilling and 383 assays of both silver and gold. The entire resource is classified as an inferred mineral resource, based on the historical nature of the drilling (prior to the institution of NI 43-101 and associated quality assurance/quality control (QA/QC) requirements). Verification samples collected by Tetra Tech confirmed the presence of silver and gold mineralization at grades similar to those obtained in the original tailings drilling campaign and confirmed that the Mine's lab assays are not materially different from those of external labs.

Method of Calculation

The Avino system and San Gonzalo system mineral resources were modelled and estimated using Datamine™ software version 3.20.6140.0. The reported mineral resource was interpolated using ordinary kriging (OK) and capped grades. Avino mineralization included the interpolation of silver, gold and copper, while San Gonzalo mineralization included the interpolation of silver and gold. Where sufficient data was available, specific gravity (SG) was estimated using OK, otherwise the average estimated value was assigned.

Reported cut-offs utilize a silver equivalent (Ag Eq) calculation where the total metal value is converted into an in situ silver resource. For reporting purposes, a base-case Ag Eq cut-off of 100 g/t is used for the Avino system and an Ag Eq cut-off of 150 g/t is used for the San Gonzalo system. Current cut-offs used for financial projections by Avino, based on recent market prices, include 150 g/t for the Avino system and 300 g/t for the San Gonzalo system.

To calculate the above silver equivalent grades, Avino has assumed a price of silver of US \$20 per oz., a price of copper of US \$3.66 per lb. with a recovery rate of 85% for copper, and a price of gold of US \$1,507 per oz., with 75% recovery rate for gold at the Avino Mine and 70% recovery rate for gold at the San Gonzalo Mine.

The oxide tailings mineral resource was estimated using Geovariance Isatis™ software and OK interpolation with uncapped grades. The assay values for this estimate are based on 28 drill holes which were completed on the tailings by Avino Mexico in 1990, and include 407.75 m of drilling and 383 assays of both silver and gold. A specific gravity of 1.605 was used based on the global average for the oxide tailings reported by Slim (2005d). For reporting purposes, a silver cut-off of 50 g/t was used; an Ag Eq value was not calculated for the oxide tailings. This mineral resource was estimated by Mr. Mike O'Brien, and has an effective date of July 24, 2012. It was originally disclosed by Tetra Tech (2012), but is considered current.

Exploration

Early Drilling (Prior to Mine Closure), 1968 to 2001

Avino Vein

Between 1968 and 2001, at least 25 diamond drill holes, ranging in length from 132.20 to 575.20 m, are reported to have been drilled from surface into the Avino vein. Included in this total are 10 holes that were drilled by Selco in 1970 when they were re-habilitating some of the old underground workings to provide access for sampling (Slim 2005d). No further information on these drill holes was available to Tetra Tech and they are not included in the resource estimate for the Avino vein.

Oxide Tailings, 1990 to 1991

Between November 10 and December 5, 1990 and March 8 and May 30, 1991, Avino completed six trenches and 28 vertical drill holes in the tailings along 7 fences at a spacing of roughly 50 m by 50 m (Benitez Sanchez 1991). Drilling was completed transversely to the drainage pattern of the tailings. Cut at 1 m vertical increments, 461 samples were assayed for silver and gold at the mine assay lab and occasional moisture contents

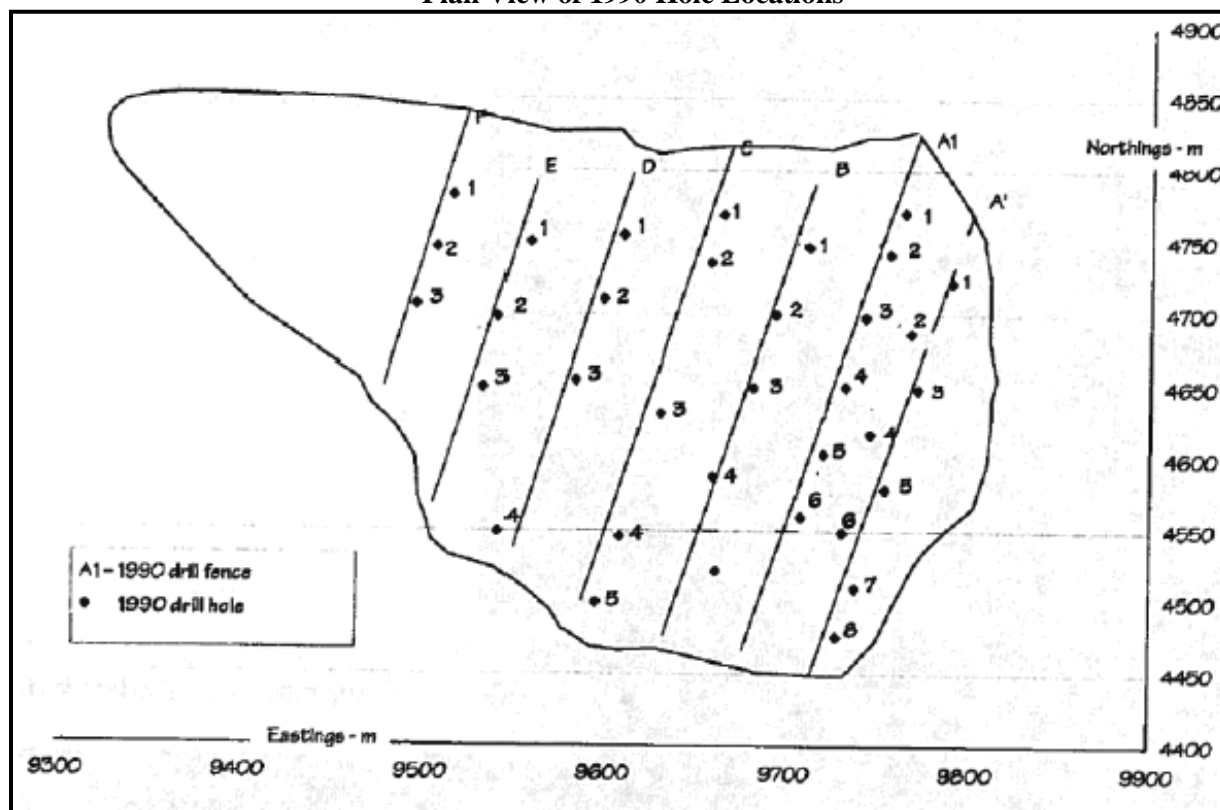
were reported. Assay results from these drill holes have been previously reported (Tetra Tech 2013).

Summary of 1990/1991 Holes

Hole ID	Easting (m)	Northing (m)	Elevation (m)	Assay Length (m)	Measured Length (m)
A1	570205	2712340	2,204	5.0	5.00
A2	570184	2712306	2,203	7.0	7.25
A3	570192	2712267	2,203	8.0	8.00
A4	570167	2712236	2,203	9.0	9.00
A5	570175	2712197	2,203	15.0	16.25
A6	570152	2712167	2,202	18.0	18.00
A7	570159	2712128	2,201	16.0	16.00
A8	570149	2712094	2,200	8.0	8.00
Z1*	570197	2712411	2,218	9.0	9.50
Z2*	570176	2712365	2,218	16.0	16.00
Z3*	570165	2712317	2,217	13.0	13.25
Z4*	570153	2712269	2,217	13.0	13.50
Z5*	570142	2712221	2,216	13.0	13.00
Z6*	570135	2712175	2,215	14.0	14.00
B1	570132	2712365	2,217	10.0	10.00
B2	570114	2712318	2,217	19.0	19.25
B3	570101	2712268	2,216	26.0	26.75
B4	570079	2712207	2,216	23.5	23.50
B5	570082	2712140	2,214	18.0	18.00
C1	570085	2712383	2,218	8.5	8.75
C3	570077	2712354	2,217	15.0	15.00
C4	570049	2712250	2,216	24.0	24.00
C5	570028	2712164	2,216	14.0	14.00
C6	570017	2712117	2,216	10.0	10.00
D1	570029	2712373	2,218	13.0	13.00
D2	570018	2712329	2,217	19.0	19.25
D3	570003	2712273	2,218	19.5	19.50
D4	569961	2712167	2,216	6.0	6.00
E1	569977	2712369	2,217	13.0	13.25
E2	569960	2712311	2,216	18.5	18.50
E3	569952	2712267	2,216	12.0	12.00
F1	569936	2712401	2,216	18.5	18.50
F2	569926	2712364	2,216	16.0	16.00
F3	569915	2712324	2,216	15.0	15.00

*Trenches completed on the A1-A1' section line, see figure below

Plan View of 1990 Hole Locations



Source: Slim (2005d)

Recent Drilling (Post Mine Closure), 2001 to Present

A total of 138 surface and underground drill holes have been completed on the Avino and San Gonzalo veins, totalling 32,891.5 m. Additional exploration holes have been drilled elsewhere on the Property, but those drilling results are not considered material. Most holes were surveyed down hole using a Tropari single-shot magnetic instrument. Of those holes for which down hole surveys were completed, the majority contain three or fewer measurements, typically at the collar and near the end of hole, and sometimes part-way down the hole. Many holes were not surveyed to within 10 m of the end of the hole.

Geophysical Surveys: Induced Polarization (IP)

In December 2006, Avino conducted an 80 km line deep penetrating IP survey at the property. IP geophysics helps identify drill targets. The IP survey was completed in 2007. Avino did follow-up soil geochemical, satellite imagery and other surveys to better define targets in the covered areas.

Avino Vein (including ET Zone) and Nearby Veins

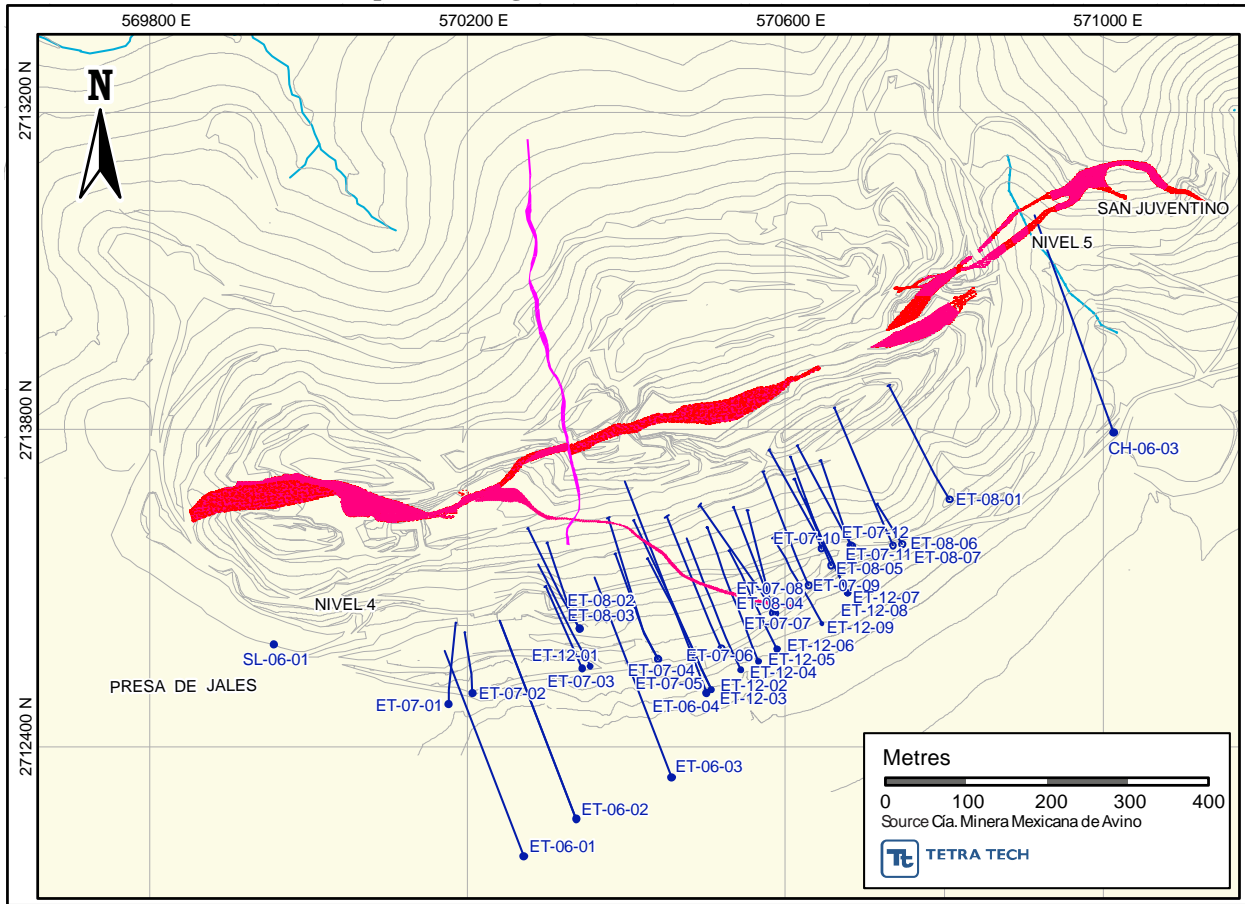
Since 2001, Avino has drilled 34 holes below Level 12, where mining ceased, for a total of 11,523.2 m. Drilling has targeted the ET Zone in particular. There were 5 holes completed in 2006 (2,166.85 m), 12 holes in 2007 (3,906.5 m), 8 holes in 2008 (2,186.7 m), and 9 holes in 2012 (3,263.15 m). No drilling has been completed on the Avino Vein since 2012. Assay results from all drill holes up to and including ET-12-06 have been previously reported (Tetra Tech 2012).

Tecmin Servicios, S.A. de C.V., was contracted for the 2007 and 2008 drilling programs at the ET Zone of the Avino vein. Since the Avino deposit strikes approximately east-west and dips at 60° to 70° to the south, holes are generally oriented from south to north at various bearings and dip angles in order to intersect the structure at a target depth. Holes were drilled using Avino's Longyear 44 core rig at thin wall NQ diameter.

Drillholes Completed from 2006 to 2012 on the Avino Vein

Hole ID	Azimuth (°)	Dip (°)	Depth (m)	Easting (m)	Northing (m)	Elevation (m)
CH-06-03	338	-50	453.75	571013	2712796	2,208
ET-06-01	337	-55	431.20	570271	2712262	2,187
ET-06-02	340	-50	416.70	570337	2712309	2,190
ET-06-03	339	-48	421.15	570457	2712361	2,194
ET-06-04	340	-50	444.05	570501	2712468	2,215
ET-07-01	001	-69	298.60	570176	2712453	2,222
ET-07-02	358	-75	311.90	570206	2712467	2,224
ET-07-03	336	-71	349.50	570344	2712498	2,226
ET-07-04	331	-56	318.70	570440	2712511	2,226
ET-07-05	333	-65.5	351.50	570440	2712510	2,226
ET-07-06	336	-55	320.05	570520	2712524	2,225
ET-07-07	330	-56.5	304.85	570585	2712569	2,230
ET-07-08	346	-69	399.70	570584	2712569	2,231
ET-07-09	336	-62	328.55	570629	2712604	2,235
ET-07-10	338	-62	308.65	570645	2712650	2,245
ET-07-11	337	-69	329.80	570682	2712654	2,241
ET-07-12	337	-48	284.70	570735	2712654	2,234
ET-08-01	329	-45	221.45	570807	2712712	2,236
ET-08-02	330	-54	234.50	570341	2712549	2,244
ET-08-03	333	-64	265.10	570341	2712549	2,244
ET-08-04	337	-65	358.65	570579	2712568	2,231
ET-08-05	338	-66	371.10	570658	2712629	2,240
ET-08-06	338	-59	292.45	570676	2712654	2,243
ET-08-07	343	-70	174.40	570747	2712656	2,234
ET-08-08	344	-45	269.05	570906	2712766	2,227
ET-12-01	332	-62	288.15	570354	2712501	2,226
ET-12-02	335	-53	360.90	570507	2712472	2,214
ET-12-03	335	-61	367.75	570507	2712471	2,214
ET-12-04	335	-64	373.75	570544	2712497	2,216
ET-12-05	336	-62	369.20	570566	2712508	2,218
ET-12-06	336	-70	396.10	570589	2712523	2,219
ET-12-07	336	-64	327.60	570678	2712594	2,227
ET-12-08	336	-72	384.35	570678	2712594	2,227
ET-12-09	336	-72	395.35	570646	2712555	2,222

Plan View Map Illustrating the Location of Drill Holes on the Avino Vein



San Gonzalo and Nearby Veins

At San Gonzalo, Avino drilled 40 holes in 2007 (9,222.9 m), 6 in 2008 (1,782.65 m), 18 in 2011 (3,618.57 m), 15 in 2014 (3,631.93 m), and 25 in 2015 (3,197.60m) for a total of 104 drill holes and 21,453.65 m. All holes were of thin wall NQ size core diameter and were completed using Avino’s Longyear 44 core rig with the exception of 6 underground holes in 2014 and 14 in 2015. Additional holes also explored the nearby Guadalupe, San Juventino, San Lucerno, Mercedes, San Jorge, and Yolanda veins.

According to Gunning (2009), the collars for 2007 and 2008 drill holes were marked by concrete monuments and the collars have been surveyed. A check of the coordinates with a handheld global positioning system (GPS) revealed a possible 10 m constant error which may simply mean that all of the mine coordinates are not precisely Universal Transverse Mercator (UTM). However, this could also indicate the existence of a small surveying error on the Property.

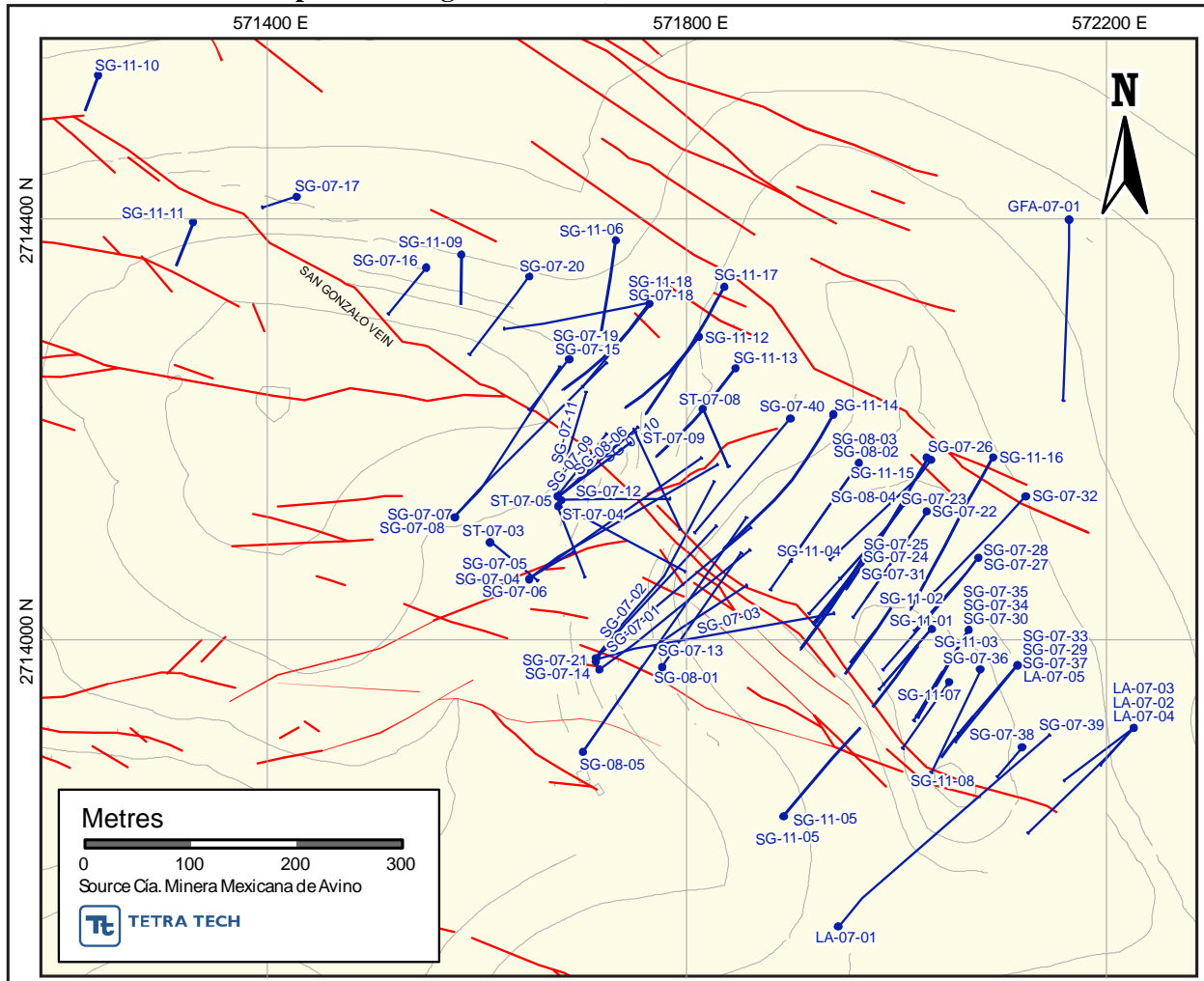
In 2011, 69 holes totalling 9,862.97 m were drilled principally in the following locations: San Gonzalo (18 holes, as above), Aguila Mexicana (2 holes), Guadalupe (25 holes), La Potosina (9 holes), Mercedes (1 hole), San Jorge (3 holes), San Juventino (3 holes), San Lucero (5 holes), Tucero (1 hole), and Yolanda (2 holes). With the exception of the San Gonzalo vein, all of these locations are considered targets for further exploration.

Drill holes Completed from 2007 to 2011 on the San Gonzalo Vein

Hole ID	Azimuth (°)	Dip (°)	Depth (m)	Easting (m)	Northing (m)	Elevation (m)
SG-07-01	050	-60	386.80	571713	2713982	2297
SG-07-02	038	-48	323.70	571714	2713983	2297
SG-07-03	074	-43	315.00	571714	2713981	2297
SG-07-04	053	-49	312.70	571651	2714059	2276
SG-07-05	059	-69	137.00	571650	2714058	2276
SG-07-06	055	-58	387.20	571650	2714058	2276
SG-07-07	044	-44	281.55	571578	2714117	2281
SG-07-08	043	-55	383.70	571578	2714116	2281
SG-07-09	038	-45	106.60	571677	2714137	2277
SG-07-10	053	-58	162.90	571677	2714136	2277
SG-07-11	015	-49	158.60	571676	2714135	2277
SG-07-12	089	-53	175.45	571678	2714133	2277
SG-07-13	055	-49	160.55	571770	2713993	2315
SG-07-14	054	-53	295.20	571716	2713971	2297
SG-07-15	218	-49	96.20	571689	2714268	2296
SG-07-16	219	-54	99.85	571552	2714354	2285
SG-07-17	252	-55	69.80	571428	2714421	2268
SG-07-18	218	-65	238.05	571765	2714318	2293
SG-07-19	257	-66	344.90	571763	2714320	2293
SG-07-20	215	-67	247.40	571650	2714345	2281
SG-07-21	038	-53	294.00	571713	2713979	2297
SG-07-22	218	-54	232.50	572007	2714128	2343
SG-07-23	216	-70	303.45	572007	2714128	2343
SG-07-24	217	-53	124.40	571969	2714077	2351
SG-07-25	216	-65	190.45	571969	2714078	2351
SG-07-26	216	-69	395.40	572033	2714172	2337
SG-07-27	218	-55	237.75	572078	2714077	2345
SG-07-28	218	-74	319.50	572078	2714078	2345
SG-07-29	221	-43	103.55	572033	2714010	2356
SG-07-30	221	-64	158.40	572034	2714010	2356
SG-07-31	218	-43	71.85	571954	2714056	2352
SG-07-32	223	-70	407.95	572122	2714135	2330
SG-07-33	211	-43	130.60	572069	2714009	2353
SG-07-34	210	-58	183.05	572069	2714010	2353
SG-07-35	211	-68	272.15	572069	2714010	2353
SG-07-36	215	-41	102.15	572050	2713959	2358
SG-07-37	219	-53	154.35	572115	2713975	2351
SG-07-38	221	-66.5	214.15	572115	2713975	2351
SG-07-39	220	-73	128.05	572120	2713898	2353
SG-07-40	220	-74	516.05	571899	2714211	2321
SG-08-01	035	-51	210.05	571776	2713974	2314
SG-08-02	215	-57	269.05	571964	2714167	2335
SG-08-03	215	-70	331.95	571964	2714168	2335
SG-08-04	215	-63	269.95	572029	2714121	2343
SG-08-05	035	-55	475.25	571701	2713893	2285
SG-08-06	048	-64	226.40	571679	2714137	2277
SG-11-01	215	-59	100.95	571981	2714009	2357
SG-11-02	215	-63	141.15	571995	2714030	2355
SG-11-03	215	-44	98.45	572020	2713994	2357
SG-11-04	212	-54	176.50	571969	2714079	2351
SG-11-05	040	-43	151.40	571892	2713832	2317

Hole ID	Azimuth (°)	Dip (°)	Depth (m)	Easting (m)	Northing (m)	Elevation (m)
SG-11-06	189	-44	122.32	571732	2714379	2274
SG-11-07	030	-68	74.00	572030	2713946	2358
SG-11-08	037	-67	125.35	572043	2713888	2360
SG-11-09	181	-48	71.10	571585	2714366	2278
SG-11-10	201	-61	78.40	571240	2714538	2235
SG-11-11	201	-61	91.95	571329	2714397	2274
SG-11-12	218	-71	312.15	571811	2714288	2305
SG-11-13	218	-71	345.40	571847	2714258	2310
SG-11-14	209	-61	330.50	571939	2714214	2326
SG-11-15	211	-68	363.45	572030	2714172	2337
SG-11-16	209	-62	334.25	572092	2714173	2331
SG-11-17	210	-70	383.10	571836	2714336	2306
SG-11-18	218	-71	318.15	571765	2714321	2293

Plan View Map Illustrating the Location of Drill Holes on the San Gonzalo Vein



In 2014, Avino undertook a 15 hole (3,631.93 m) surface and underground definition drill program to test the San Gonzalo vein at depth. In April 2014, a 70 meter cross cut was completed on level 6 and the underground drill program started on May 2. Three holes were drilled from the cross cut (SG-14-01 through SG-14-03).

Surface drill holes SG-14-04 through SG-14-10 were drilled between June and October 2014. Hole SG-14-11 was an underground hole drilled in October 2014 from the end of the San Gonzalo level 6 crosscut (same location as SG-14-01 through SG-14-03).

Holes SG-14-12 and SG-14-13 were drilled during October and November 2014 from the end of a crosscut on level 7. A sudden inflow of water on November 17, 2014 caused hole SG-14-13 to be terminated. Surface drilling later resumed and holes SG-14-14 and SG-14-15 were drilled by December 31, 2014.

In 2015, the Company continued its definition drill program intended to define the boundaries of the San Gonzalo structure. In total, 25 holes were completed totaling 3,197.60m metres. From January 2015, through the end of April, 19 holes were drilled of which 5 were from surface and 14 were underground holes (SG-15-1 through SG-15-16). Drilling resumed in September 2015 with Hole CH-07-01 which was the deepening of a hole drilled 2007 on the Chihuahua vein, which is an extension of the San Gonzalo structure. Drilling then resumed at San Gonzalo to test the southeast extension of the structure; drilling for the year concluded in November with the completion of hole SG-15-24.

San Gonzalo Bulk Sample Program

In December 2009, the Company announced that contract terms had been finalized with Desarrollo Minero Guadalupe S.A. de C.V. (“DMG”) for the mining of the 10,000 tonne bulk sample from the San Gonzalo deposit.

The mining contract included collaring of the portal, driving 1,000 meters of advancement consisting of a decline, crosscuts and raises and the extraction of 10,000 tonnes of mineralized vein material.

In January 2010, DMG began driving the first decline to the 2,260 m elevation for infrastructure work and extraction of the bulk sample. The San Gonzalo vein was intersected in May 2010 and a smaller splay vein was intersected two months later. A second decline was driven to the 2,306 m level.

By July 2010, both levels had intersected the San Gonzalo vein. The Upper Level 1 has been driven northwest along the San Gonzalo Vein and broke in to the old San Gonzalo workings. The exploration drift on the Lower Level 2 (2,260 m) along the San Gonzalo vein was also advanced to the northwest towards the old San Gonzalo workings.

On October 6, 2010, the two levels were connected with the completion of the first raise allowing the start of stoping (cut and fill) for the bulk sample. By January 2011, advancement for the extraction of the 10,000 tonne bulk sample was completed by the mining contractor DMG; processing of the bulk sample began shortly afterwards.

In July 2012, the results from the 10,000 tonne bulk sample program at San Gonzalo were announced. The bulk sample was intended to allow the Company to assess the economics of the zone by confirming mineral grades obtained through earlier diamond drilling. The results were released after a comprehensive review of the data and discussions with engineers. The bulk sample program was completed during the first quarter of 2011 and the Company sold 188 tonnes of the San Gonzalo bulk concentrate for net proceeds of US\$1.83 million. In April 2012, the Company sold the balance of the San Gonzalo concentrate.

The results are based on the metallurgical balances provided below:

	Weight Tonnes	Assay (g/t)		Contents (kg)		Contents (oz)		Recovery (%)	
		Au	Ag	Au	Ag	Au	Ag	Au	Ag
Feed	10,519*	0.9	261	99.35	2,746.75	300.9	88,311.70	100	100
Concentrate	232	23.8*	8,998*	55.52	2,087.53	177.5	67,116.90	59	76
Tail	10,287	0.4	64	33.83	659.22	123.4	21,194.80	41	24

**These figures have been reconciled to the weighed feed tonnage and the final concentrate assays of the paid shipment. They also have been rounded for clarity.*

The overall bulk sample feed grade was 261g/t Ag and 0.9g/t Au. Silver and gold recoveries were 76% and 59% respectively and 232 dry tonnes of flotation concentrate were produced of which 188 tonnes were sold for net proceeds of US\$1.83 million. If all 232 dry tonnes had been sold under the same contract terms, the Company estimated that the net proceeds could have been approximately US\$2.26 million.

Evaluation costs relating to mining, milling, and overhead for the bulk sample program were US\$567,045 or US\$7.62 per silver equivalent ounce. Included in these amounts are costs for the raises and stopes. The cost per tonne produced was US\$53.91 and the proceeds on 188 tonnes of concentrate sold were US\$1.83 million. (The contract prices per ounce of silver and gold were US\$36.75 and US\$1,511.31 respectively.)

No formal feasibility study was commissioned after bulk sampling program.

Tailings Resource – Preliminary Economic Assessment

In 2012 a Technical Report* on the Avino Property was published which focused on the oxide tailings resource. The study factored in metals prices of US\$1,271 oz gold and US\$20.59 oz silver for a base case analysis of the project as well as a spot price analysis using US\$1,622.20 oz gold and US\$28.36 oz silver. Cyanide heap leach tests undertaken in the study produced recoveries of 68% for silver, and 82% for gold, or 78% for silver and 87% for gold if the material is first re-ground at the mill and then leached in tanks. The Technical Report is a preliminary economic assessment and should not be considered a prefeasibility or feasibility study, as the economics and technical viability of the oxide tailings have not been demonstrated at this time. The above preliminary economic assessment is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to apply economic considerations that would allow for categorization as mineral reserves. Furthermore, there is no certainty that the preliminary economic assessment will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

This tailings mineral resource will be mined through surface methods and without blasting. A truck/front-end loader arrangement will be used and will operate one 8-hour shift per day, 365 days per year for the 4.7-year life of this Project. Initially the oxide tailings, which are at the bottom of the pile, will be processed without having to move the sulphide tailings, which covers only a portion of the oxide tailings. Not all of the sulphide tailings need to be removed to gain access to the oxide tailings. Approximately 0.5 million tonnes of oxide tailings will be sent to the heap leach pad annually.

Resource Extraction and Processing

Total Tonnes to Mill	2,340,000
Annual Tonnes to Mill	500,000
Mine Life	5 years
Average Silver Grade (g/t)	91.30 g/t
Average Gold Grade (g/t)	0.54 g/t
Total Silver Processed (oz)	4,814,000
Total Gold Processed (oz)	31,000
Average Annual Silver Processed (oz)	1,028,860
Average Annual Gold Processed (oz)	6,580

Economics

	Base Case	Spot Price Case
Gold Value (US\$)	\$1,256	\$1,622
Silver Value (US\$)	\$20.38	\$28.36
IRR	54.4%	92%
Payback period	1.6 years	1.1 years
NPV (US\$'000) 8% discount rate	\$38,647	\$74,186

A preliminary economic assessment should not be considered a prefeasibility or feasibility study, as the economics and technical viability of the Project have not been demonstrated at this time. The above preliminary economic assessment is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to apply economic considerations that would allow for categorization as mineral reserves. Furthermore, there is no certainty that the preliminary economic assessment will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability. This assessment is preliminary in nature as it includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. At this time there is no certainty that the preliminary assessment and economics will be realized. Further, the preliminary economic assessment of the oxide tailings project is based on a pre-tax financial model. In addition, the preliminary economic assessment assumes US\$29.1 million, including contingency, is required for capital expenditures for the oxide tailings project.

**Data disclosed in July 25th, 2012 technical report by Tetra Tech: A Technical Report on the Avino Property. Michael O'Brian, M.Sc., Pr.Sci.Nat, FGSSA, FAusIIM, FSAIIM, Hassan Ghaffari, P.Eng., Jacques Ouellet, P.Eng., Ph.D., Monica Danon-Schaffer, Ph.D, P.Eng., Sabry Abdel Hafex, Ph.D., P.Eng and Wayne Stoyko, P.Eng., are the Qualified Persons, as defined under National Instrument 43-101, who supervised and are responsible for the Technical Report on the Avino Property.*

Reclamation

A mine closure plan and reclamation will be required for the Project. The mine closure plan should include information such as:

- justification for the closure plan considering technical, environmental and legal aspects;
- objectives and how they will be met;
- photo evidence and details of the environmental situation prior to commencing closure activities;
- schedule of activities;
- the progressive reclamation of the site during the life of the operation;
- the design of tailings disposal areas;
- the reclamation and re-vegetation of the surface disturbances wherever practicable;
- a cost estimate of the work required to close and reclaim the mine; and
- a plan for ongoing and post-closure monitoring and reporting at the site.

No cost estimates have been generated at this time to ensure the project meets the environmental requirements once the processing of the heap material has been terminated.

As per Federal Mexican regulations (LGEEPA), both the SEMARNAT and PROFEPA ministries require Avino to present in its first semi-annual report a “General Plan to Remediate the Site” including dates, activities, techniques, and costs that will ensure restoration of affected areas, considering complete reforestation of impacted sites, removal of foundations and infrastructure that are no longer useful, roads that no longer have any use, removal and proper disposal of all rubbish, closing off adits that are no longer needed and restoration of the tailings facility at the end of its operational life. Avino will also need to present a reforestation program for the entire surface area affected during mining activities. This program will include caveats to safeguard flora and fauna.

Avino Property Activity Summary

The table below presents material mined, material processed, concentrate produced, concentrate sold, and average realized concentrate pricing for each of the San Gonzalo Mine, the historic Avino stockpiles, and the Avino Mine.

	2015			2014			2013	
	San Gonzalo	Avino Mine ⁽¹⁾	Avino Mine Stockpiles ⁽¹⁾	San Gonzalo	Avino Mine ⁽¹⁾	Avino Mine Stockpiles ⁽¹⁾	San Gonzalo	Avino Mine Stockpiles
Processed								
tonnes	121,774	389,191	6,922	79,729	25,990	96,032	78,415	54,136
grade								
Gold (g/t)	1.48	0.28	0.71	1.88	0.38	0.59	1.34	0.83
Silver (g/t)	279	65	87	337	77	92	288	85.5
Copper (%)	N/A	0.63	0.19	N/A	0.6	N/A	N/A	N/A
Concentrate Produced								
tonnes	4,517.00	8,958	99.98	2,546.00	607	1,112.00	2,431.48	636.08
grade								
Gold (g/t)	28.34	9.24	29.78	45.7	13.17	33.1	31.63	37.66
Silver (g/t)	6,237	2,449	3,926	8,857	2,806	5,308	7,705	4,687
Copper (%)	N/A	23.93	N/A	N/A	22.8	N/A	N/A	N/A
Concentrate Sold								
tonnes	4,481.94	7,695.15	236.681	2,382.80	558.29	946.76	2,544.11	560.97
grade								
Gold (g/t)	27.409	10.113	28.129	43.215	12.334	33.85	30.977	36.2
Silver (g/t)	5,776.91	1,947.82	3,320.44	8,077.96	2,375.09	5,161.23	6,950.01	4,469.20
Copper (%)	N/A	23.3	7.68	N/A	19.79	N/A	N/A	N/A
Average Realized Pricing (US\$/oz)								
Gold (US\$/oz)	1,144.62	1,130.49	1,205.76	1,263.46	1,181.98	1,275.17	1,373.23	1,289.31
Silver (US\$/oz)	15.43	15.03	16.12	18.94	16.15	19.14	23.09	20.9
Copper (US\$/lb)	N/A	2.31	2.49	N/A	2.73	N/A	N/A	N/A

(1) In accordance with the Company's accounting policies, prior to the date that management's intended levels of extracting and processing resources have been achieved, concentrate sales incidental to the exploration of mineral properties are recorded as a reduction of capitalized exploration and evaluation costs. For the year ended December 31, 2014, certain concentrate sales of mineralized material from Avino Mine stockpiles used for circuit testing as well as concentrate sales from the Avino Mine were recorded as a reduction of capitalized costs rather than as revenue.

* Tonnes and grade mined does not apply to the historic Avino stockpiles as this material has been accumulated from past mining activities and no new mining activity has been undertaken to obtain access to this material.

Bralorne Property—British Columbia, Canada

Introduction

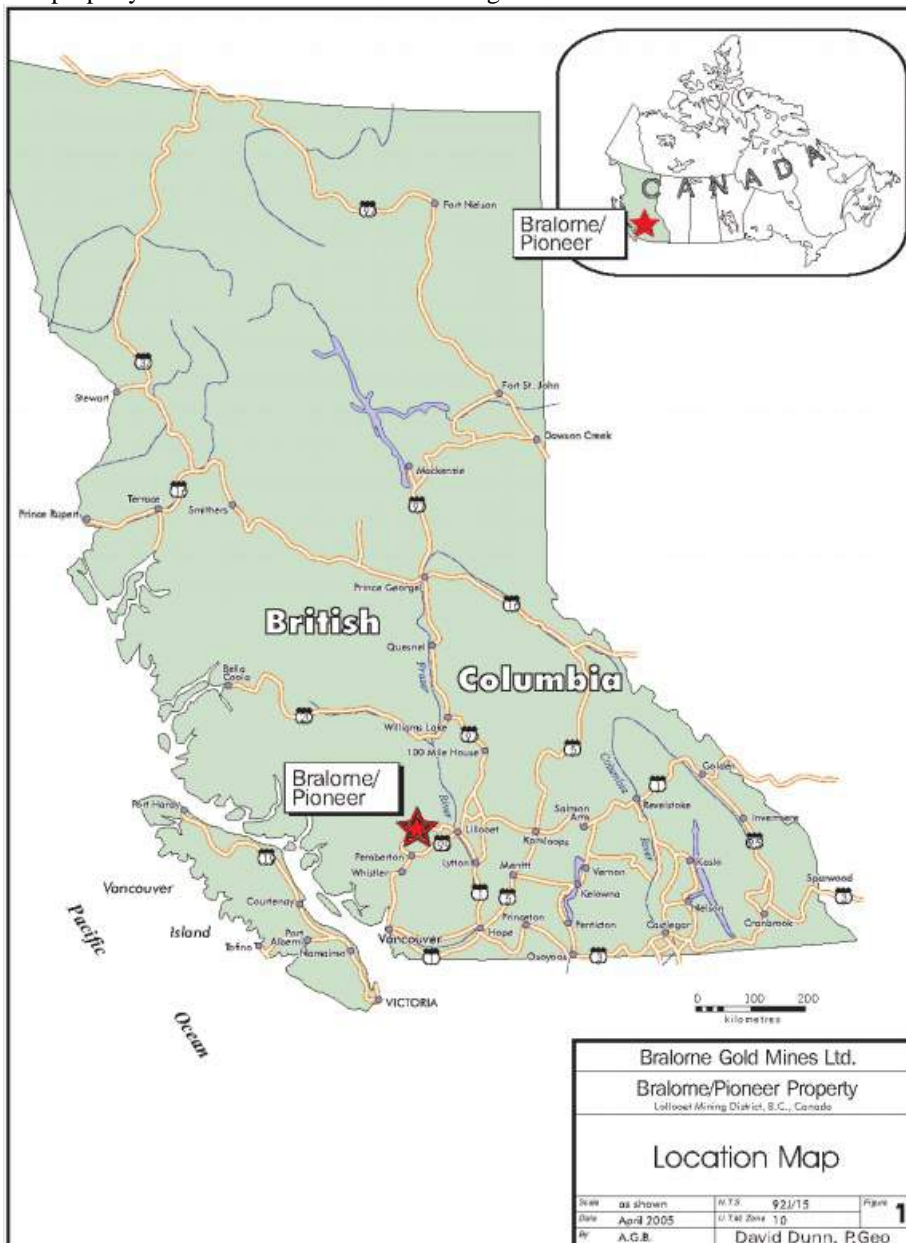
The Bralorne property consists of approximately 5,478 acres (2,490 hectares) of mineral claims located in southwestern British Columbia, Canada, which cover three former gold mines with historic production of 4 million ounces of gold between 1928 and 1971. Since these mines closed, exploration has been carried out by various companies. A new vein was discovered in 2006 that spurred renewed exploration drilling followed by test mining

and processing between 2011 and 2014 for a total of 18,436 ounces of gold recovered. Assets include underground mining equipment, a processing plant rated at 100 tons per day, tailings storage facility, water treatment plant, and associated surface shops, accommodation and office buildings. The property is permitted for extracting and processing resources at a rate of up to 450 tonnes (approximately 500 tons) per day. Continued exploration and trial mining is planned with the aim of lowering costs and outlining sufficient additional resources for an expansion of activities. This summary draws largely on the content of the most recent Technical Report on the property, dated November 20, 2012.

Location and Access

The Bralorne Property is located northeast of Vancouver, British Columbia, Canada and is accessible by road from Vancouver 322km through the Fraser Valley along Highway 1 to Lytton, and then to Lillooet on Highway 12, or alternatively 255 km from Vancouver on Highway 99 through Squamish, Whistler and Pemberton to Lillooet. From Lillooet it is another 105 km on Highway 40 through Gold Bridge to the town of Bralorne.

The property is situated as illustrated in the figure below:



Local Resources

The community of Bralorne lies in the centre of the property. This town site was built to support historic mining operations and now has about 60 full-time residents. The community of Gold Bridge lies 11 kilometres northwest of Bralorne and including the surrounding area has a population of approximately 200. There are limited facilities in Gold Bridge, including two motels, a restaurant, gas station, grocery store, and one school covering kindergarten to grade seven levels. Additional services are available in Lillooet or Pemberton.

Geology and Mineralization

The Bralorne property is situated at a tectonic boundary between the regionally extensive Cache Creek and Stikine allochthonous terranes. The Bridge River terrane, part of the Cache Creek terrane, is comprised of Mississippian to Middle Jurassic accretionary complexes of oceanic basalt and gabbro and related ultramafic rocks, chert, basalt, shale and argillite. It is juxtaposed with Late Triassic to Early Jurassic island arc volcanic rocks and mostly marine, arc-marginal clastic strata of the Cadwallader terrane, interpreted as part of the Stikine terrane.

The region has been intruded by a wide range of Cretaceous and Tertiary plutonic and volcanic rocks and their hypabyssal equivalents. Most significant among these are the dominantly Cretaceous granitoid bodies that form the Coast Plutonic Complex, which locally is characterized by the 92 Ma Dickson McClure intrusions, and the large individual bodies of the Late Cretaceous Bendor plutonic suite. Hypabyssal magmatism is reflected by emplacement of porphyritic dikes between 84 and 66 Ma, with the youngest magmatic event being 44 Ma lamprophyre dikes (Hart et. al. 2008).

The district was deformed by mid-Cretaceous contractional deformation within the westerly-trending Shulaps thrust belt, and by contractional and oblique-sinistral deformation associated with the Bralorne-Eldorado fault system. The timing of this deformation and metamorphism is bracketed around 130–92 Ma. The Bridge River and Cadwallader terranes are juxtaposed along the Bralorne-Eldorado fault system, which consists of a 1 to 3 km wide linear zone of tectonized and serpentinized slices of late Paleozoic mafic and ultramafic rocks.

The main gold-forming event in the Bridge River district is interpreted to have taken place at around 68 to 64 Ma at the Bralorne-Pioneer deposit. Mineralization pre-dated or was synchronous with the emplacement of the Bendor batholith, and the gold event overlaps initiation of dextral strikeslip on the regional fault systems in this region.

The principal stratigraphic assemblages of the local area include the Bridge River Complex and Cadwallader Group. The Bridge River Complex is subdivided into two packages, sedimentary and volcanic, with a thickness of 1,000 m or more of ribbon chert and argillite with very minor discontinuous limestone lenses, and large volumes of basalt. The Cadwallader Group has been subdivided into three formations: the lowermost sedimentary Noel Formation, the Pioneer Formation greenstones, and the upper Hurley Formation sedimentary rocks. The Pioneer Formation ranges from fine-grained, massive amygdaloidal flows and medium-grained dykes or sills, to coarse lapilli tuffs and aquagene breccias. It is estimated to be at least 300 m thick in the Cadwallader Valley, but may be thicker elsewhere. The Hurley Formations is comprised of rhythmically layered green volcanic wacke and darker argillite. The Noel Formation consists of black argillites that are less calcareous than those of the Hurley.

Igneous rocks within the Bralorne area include Upper Paleozoic ultramafic rocks and associated Bralorne intrusive suite, Mesozoic Coast Plutonic rocks, Tertiary Bendor intrusive rocks, and dykes of Cretaceous-Tertiary age. Ultramafic rocks, called the President ultramafics, form narrow serpentinized bodies and with the pillow basalts and radiolarian ribboned cherts of the Bridge River Complex, they complete the trinity of a typical ophiolite package. The ultramafic rocks in the Bralorne area range from dunite to pyroxenite, but peridotites are most common. Usually they are partly to completely serpentinized, or altered to talc-antigorite-tremolite-carbonate, and are intruded by diorite. The Bralorne intrusive suite includes “augite diorite” and “sodagranite”, which commonly occur together. The main mass is called Bralorne Diorite (hornblende quartz diorite) and occurs between the bounding Fergusson and Cadwallader faults. The Bralorne Diorite complex is cross cut by intrusions of soda granite with complex dyke relations. The main body of soda granite (trondhjemite or albite tonalite) is found along the northeast side of the Bralorne Diorite, but also forms many dykes cutting the diorite. Typically, the soda granite is a leucocratic, coarse-grained granitic rock. Cretaceous-Tertiary dykes, including grey plagioclase porphyry, albitite, green hornblende porphyry, Bendor porphyry and lamprophyre, intrude all the units.

All the rocks in the Bralorne area, except the Bendor and lamprophyre dykes, are affected by low-grade

metamorphism.

The Bralorne-Pioneer gold-quartz vein system is hosted in variably altered rocks of the Bralorne Diorite complex and Pioneer Greenstone that occur as fault-bounded lenses in a structurally complex zone between the Cadwallader and Fergusson faults referred to as the Bralorne-Pioneer fault lens or Bralorne Block. This lens has an approximate 4.5 km strike length, mostly along, adjacent to, or between these two faults. All of the significant historic gold production in the Bridge River area came from within the Bralorne Block.

Property Ownership

The Bralorne property is comprised of different types of legal mineral properties registered under and subject to the Mineral Tenure Act and Mineral Land Tax Act of the Province of British Columbia. The Property consists of 154 Crown granted mineral claims, two reverted Crown granted claims and eighteen metric unit mineral claims, all of which are contiguous. Bralorne Gold Mines Ltd. (in this section, "BGM") owns 100% of the property.

Mineral Concessions and Agreements

There is an underlying agreement on twelve crown grants in which the Company is required to pay 1.6385% of Net Smelter Proceeds of Production from the claims, and has to pay fifty cents (\$0.50) per ton of material produced from these claims if the material grade exceeds $\frac{3}{4}$ (0.75) ounce per ton gold. No extraction or processing has come from these claims in the past and none is planned in the near future. The crown grants subject to this agreement include:

- Lot 5742 Sunbeam
- Lot 5743 Comstock No.5
- Lot 5744 Comstock No.2
- Lot 5745 Homestake
- Lot 5746 Sunshine
- Lot 5747 Comstock No.3
- Lot 5748 Lorenzo
- Lot 5750 Orion No.4
- Lot 5751 Orion
- Lot 5752 Comstock No.8
- Lot 5754 Comstock No.7
- Lot 5755 Comstock No.6

Crown granted mineral claims may also include surface rights, water rights and timber rights. At the Bralorne property, surface rights are currently held by BGM on 8 of its 154 Crown Grants as listed below:

- DL 539 Little Joe
- DL 457 Ida May
- DL 5489 Telephone Fr.
- DL 670 Telephone
- DL 5582 Millbank
- Lots 3, 4, 6, and 7 of DL7883 Cora Fr
- DL 456 Pioneer
- Lot 1 of DL 671 Wood Duck
- Lot 20 of DL 5484 Polnud

Claim Staking and Mineral Tenure in British Columbia

Crown granted mineral claims are legacy claims in British Columbia that confer rights to subsurface minerals. The Crown granted claims are subject to the Mineral Land Tax Act, which requires the owner to pay to the minister a tax at \$1.25 per hectare to maintain the claims in good standing for one year. The total annual tax payable for all of the crown granted mineral claims in the Bralorne property is \$2,907.07. All of BGM's crown granted mineral claims are in good standing until July 2016 and it is expected that the annual taxes will be paid again prior to that date.

Reverted crown grants are treated the same as mineral claims in terms of holding costs. Either \$200 must be spent and properly documented on each 500- by 500-meter unit or each 1,500- by 1,500-foot claim, or \$200 cash must be paid in lieu of expenditure to the British Columbia government (cash-in-lieu). All of the crown granted mineral claims and reverted crown granted mineral claims have been legally surveyed. The mineral claims have not been surveyed. All of BGM's reverted crown granted mineral claims are in good standing with the first expiry date being April 11, 2024.

For mineral claims, either \$200 must be spent and properly documented on each 500- by 500-meter cell unit, or \$200 cash must be paid in lieu of expenditure to the British Columbia government (cash-in-lieu).

Mineral and Placer Claims are acquired using the British Columbia Mineral Titles Online (MTO) system. The online MTO system allows clients to acquire and maintain mineral and placer claims.

Cell claims are registered by selecting one or more adjoining cells on the electronic MTO map.

Mineral Titles can be acquired anywhere in the province where there are no other impeding interests (other mineral titles, reserves, parks, etc.)

No two MTO users can select the same cells simultaneously, since the database is live and updated instantly; once a selection is made, the cells selected will no longer be available to another user, unless payment is not successfully completed within 30 minutes.

Bralorne Area Crown Grants owned by BGM:

Name	Lot No.	Area [ha]
PIONEER	456	20.70
IDA MAY	457	18.50
NELLIE FRACTION	458	0.46
MARY FRACTION	459	14.25
TRIO	460	18.07
LITTLE JOE	539	20.90
WHITE CROW	540	17.26
BEND'OR FRACTION	541	2.24
JIM CROW FRACTION	542	0.36
DELIGHTED	543	10.61
WOOD CHUCK	579	15.46
COPELAND	580	9.96
HIRAM	581	17.14
COSMOPOLITAN	584	16.33
MARQUIS	586	9.92
GOLDEN KING	587	18.39
LORNE	588	20.34
ALHAMBRA	665	9.98
NIGHT HAWK	666	11.43
LURGAN FRACTION NO 1	667	1.47
LURGAN FRACTION NO 2	668	3.46
METROPOLITAN	669	13.27
TELEPHONE	670	11.61
WOOD DUCK	671	9.95
EXCHANGE FRACTION	673	8.84
BLACKBIRD	1176	15.26
COUNTLESS	1177	17.93
NELLIE	1179	15.99
WHIP-POOR-WILL	1221	17.81
DUKE	1222	8.69
ROYAL	1224	9.59
LE ROY	1225	15.90
MAUD S. FRAC.	1226	12.34
SILVER DOLLAR	2372	18.87
GOLDEN RIBBON	2374	20.23
ALMA	2375	14.15
UNION FRACTION	2376	18.56
GOLDEN QUEEN FRACTION	2377	18.26
SILVER KING	2378	15.22
MOTHERLODE FRACTION	2379	11.14
ANDY FRACTION	2380	4.33
DON F	2381	19.82
DON C	2382	7.73

Name	Lot No.	Area [ha]
DON Z FRACTION	2394	2.21
SUNSET	3045	19.10
GREAT FOX	3046	20.90
EAST PACIFIC	3047	20.76
CLIFTON	3048	20.90
CORASAND	3049	16.70
EMMADALE	3050	17.81
UNION JACK FRAC.	3051	3.74
TITANIC FRAC.	3053	3.70
INVINCIBLE	3091	16.39
LEON NO. 1	5323	11.04
LEON FRACTION	5324	9.55
LEON NO. 2	5325	20.34
LEON NO. 3	5326	19.43
LEON NO 4	5328	13.98
VICTOR FRACTION	5331	12.42
HIRAM FRACTION	5332	0.11
VIRGINIA	5455	5.77
NOELTON FRACTION	5456	19.70
MAUSER	5457	12.54
CARL	5458	0.92
ALEX	5459	15.61
MATTHEW	5460	12.60
JOHN	5461	15.95
KATHLEEN	5462	20.89
RAYMOND	5463	16.60
SAVAGE	5464	19.96
WINCHESTER	5465	14.05
LEE METFORD	5466	11.73
CARBINE	5467	12.11
EAGLE FRACTION	5468	9.38
EAGLE	5469	13.99
EAGLE NO. 1	5470	20.15
LUCKY BOY FRACTION	5475	3.40
BESSIE FRACTION	5476	15.84
SAVOY	5477	18.49
EMPIRE FRACTION	5478	8.12
EUREKA	5479	16.47
CASCADE FRACTION	5480	10.70
COSMOPOLITAN FRACTION	5481	10.49
DUKE FRACTION	5482	1.58
CORONATION FRACTION	5483	0.31
POLNUD	5484	19.24

Name	Lot No.	Area [ha]
B FRACTION	5519	1.12
MARGARET	5520	15.25
HOPE	5521	15.10
DAVID	5522	5.06
JACK	5523	15.41
ANNETTE FRACTION	5524	8.66
BUCK FRACTION	5525	0.96
MILLBANK	5582	20.37
GREAT DIVIDE FRACTION	5591	1.22
DEVELOPMENT NO. 2	5594	8.03
DEVELOPMENT NO. 1	5595	11.29
DEVELOPMENT NO. 2A	5596	18.98
DEVELOPMENT NO. 3	5597	19.97
DEVELOPMENT NO. 4	5598	19.28
SUNBEAM	5742	10.74
COMSTOCK NO. 5	5743	10.06
COMSTOCK NO. 2	5744	11.69
HOMESTAKE	5745	10.17
SUNSHINE	5746	15.04
COMSTOCK NO. 3	5747	14.36
LORENZO	5748	14.18
ORION NO. 4	5750	19.85
ORION	5751	5.29
COMSTOCK NO. 8	5752	17.61
COMSTOCK NO. 7	5754	10.63
COMSTOCK NO. 6	5755	5.01
EDNA MARY	5920	18.41
ALEX FRACTION	5921	2.34
ALEX NO. 2 FRACTION	5922	2.44
RAYMOND FRACTION	5923	1.86
STAR FRACTION	5924	10.04
STAR NO. 1 FRACTION	5925	8.48
TURRET FRACTION	6037	1.39
GOLD KING	6038	8.81
EAGLE	6039	10.66
WHITE STAR	6040	13.29
ANNE FRACTION	6041	8.77
DON C. FRACTION	6044	6.52
ROBIN FRACTION	6045	1.87
MARIE FRACTION	6048	12.95
BLUE JAY	6466	14.80
DIANE	6830	19.85
HEATHER FRACTION	6839	5.98

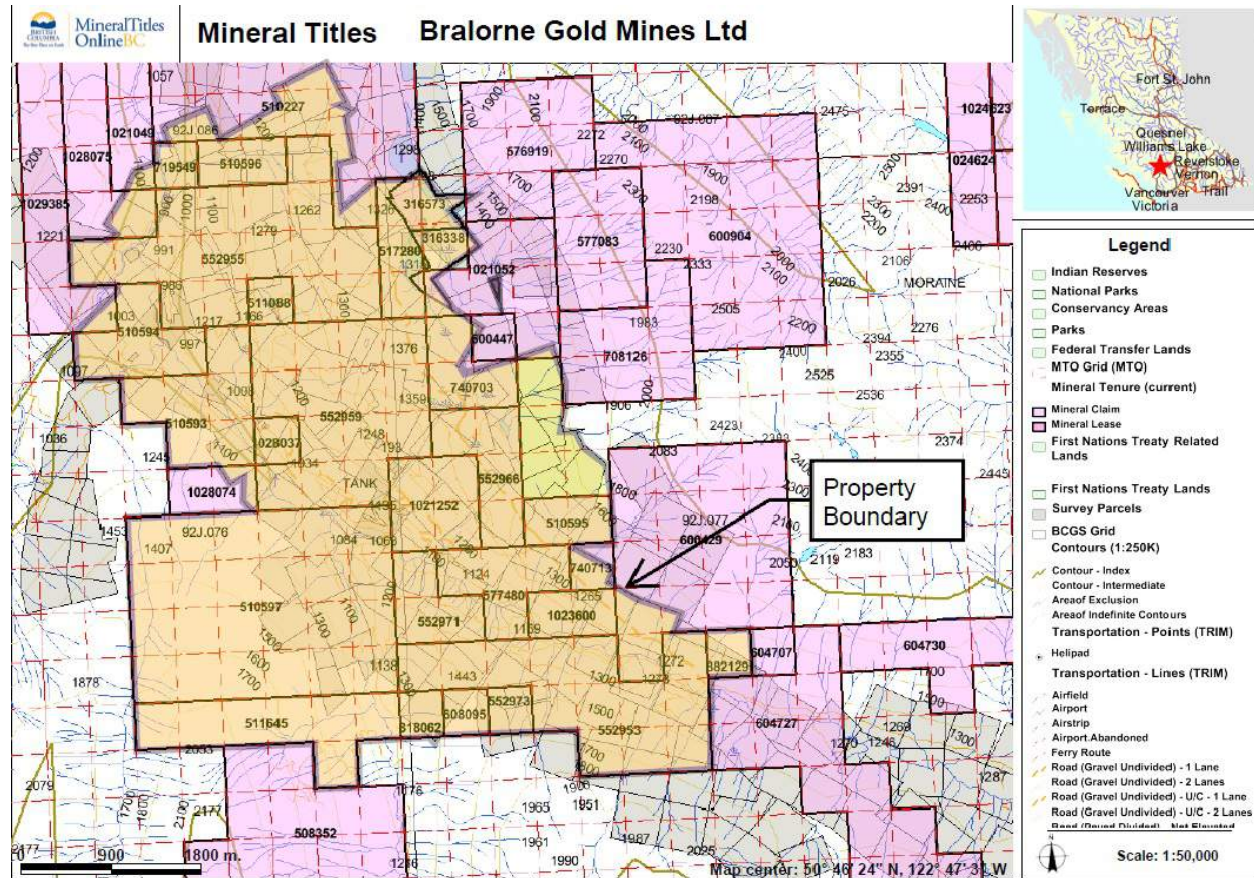
DON A	2383	10.37	MACK FRACTION	5485	16.45	CAROL FRACTION	6840	16.51
DON E	2384	15.42	NIGHT HAWK FRACTION	5486	0.88	LEE FRACTION	6945	0.07
DON B FRACTION	2385	5.56	POLNUD FRACTION	5487	0.62	A.M.	6946	13.70
ROBIN	2387	2.38	PASADENA FRACTION	5488	3.12	BEEF FRACTION	6947	18.10
RAINIER	2388	17.16	TELEPHONE FRACTION	5489	4.62	DEEP FRACTION	6948	11.90
TACOMA	2389	12.80	MONICA MARJORIE	5508	19.99	AUDREY FRACTION	6954	5.37
SEATTLE	2390	6.75	A FRACTION	5517	2.80	J.B. FRACTION	7428	0.90
NUGGET KING	2393	20.90	HILDA	5518	17.44	JEAN FRACTION	7429	3.34
						JEAN NO. 4 FRACTION	7430	11.95

Bralorne Area Mineral Claims and Reverted Crown Grants Owned by BGM:

Title Number	Claim Name	Title Type	Title Sub Type	Map Number	Issue Date	Good To Date	Area (ha)
316338	MEAD	Mineral	Claim	092J	1993/Feb/28	2024/Apr/11	100.00
316573	KING	Mineral	Claim	092J	1993/Mar/05	2024/Apr/11	100.00
510593		Mineral	Claim	092J	2005/Apr/12	2024/Apr/11	122.61
510594		Mineral	Claim	092J	2005/Apr/12	2024/Apr/11	81.725
510595		Mineral	Claim	092J	2005/Apr/12	2024/Apr/11	40.881
510596		Mineral	Claim	092J	2005/Apr/12	2024/Apr/11	40.853
510597		Mineral	Claim	092J	2005/Apr/12	2024/Apr/11	490.623
511088		Mineral	Claim	092J	2005/Apr/19	2024/Apr/11	20.432
511645	BP 1	Mineral	Claim	092J	2005/Apr/25	2024/Apr/11	143.136
517280		Mineral	Claim	092J	2005/Jul/12	2024/Apr/11	61.291
552953	BP3	Mineral	Claim	092J	2007/Feb/28	2024/Apr/11	265.8297
552955	BP4	Mineral	Claim	092J	2007/Feb/28	2024/Apr/11	326.8708
552959	BP5	Mineral	Claim	092J	2007/Feb/28	2024/Apr/11	286.1033
552966	BP6	Mineral	Claim	092J	2007/Feb/28	2024/Apr/11	81.7535
552971	BR7	Mineral	Claim	092J	2007/Feb/28	2024/Apr/11	61.33
552973	BP8	Mineral	Claim	092J	2007/Feb/28	2024/Apr/11	20.4474
608095	DEVELOPMENT FRACTION	Mineral	Claim	092J	2009/Jul/16	2024/Apr/11	20.4474
719549	NUGGET KING	Mineral	Claim	092J	2010/Mar/10	2024/Apr/11	20.4255
818062	DEV. FR. 2	Mineral	Claim	092J	2010/Jul/14	2024/Apr/11	20.4473
882129	PIONEER EXTENSION	Mineral	Claim	092J	2011/Aug/05	2024/Apr/11	20.4457
1035602	TSEFX	Mineral	Claim	092J	2015/Apr/22	2016/Apr/22	61.29

This list is considered to be accurate as of March 10, 2016 according to the MTO database. Note that the Mineral Titles Online database lists only the reverted Crown Grants and the metric cell unit claims.

Map of Bralorne Property Concessions



History

The Bralorne property has an extensive history of exploration and mining, starting in the late 1800's, when placer miners followed gold up the Fraser River and its tributaries and eventually discovered lode gold in the area of Cadwallader Creek. The first claims on the property were staked in 1896 and small scale production began in the area of the Pioneer Mine shortly thereafter. Larger scale commercial production from underground mining commenced in 1928, and production at Pioneer and Bralorne mines was expanded to 450 tonnes per day at each mine. Bralorne subsequently merged with Pioneer and continued production until 1971, when operations were closed for economic factors when the gold price was fixed at \$US35 per ounce. The mine never ran out of gold mineralization.

Total historic production from the Bralorne-Pioneer gold mine is recorded as 4.2 million ounces of gold (equating to 129.14 tonnes) from 7.3 million tonnes of material grading 17.7 grams gold per tonne (8.0 million short tons at 0.52 ounce per ton). Silver production from the deposits is recorded as 29.61 tonnes (952,000 ounces).

The current Bralorne mineral property encompasses several historic mine workings, of which the major ones are the King, Bralorne, and Pioneer mines. A total of 30 veins on the property were mined in the various workings by 80 kilometres of tunneling on 44 levels, the deepest of which traced the 77 vein to a depth of 1,900 meters.

Since 1971, considerable work by a number of companies has been carried out on the property. Major exploration programs were carried out on the old mine areas of the property in 1973 by Bralorne Resources and in 1980 to 1984 by E & B Explorations, Inc., who acquired the main historic deposits in 1980, and also in 1988 by a successor company to E & B, Corona Corporation. In 1973 and 1974 Love Oil carried out exploration work on the northeast sector of the property. In 1987, Levon Resources carried out surface exploration over the same area, and underground mine advancement including an adit and a cross cut plus 20 meters of drifting on the Peter vein was carried out. In 1986, Mascot Gold Mines Limited conducted surface and underground diamond drilling and drifting.

Avino Mines and Resources Limited became involved in the Bralorne area in 1987, and subsequently acquired 100% ownership from Love Oil Company, Coral Gold Corporation and Levon Resources. Avino then purchased the Bralorne-Pioneer property from Corona in 1991. This was a major accomplishment for management, and marked the first time in the history of the mining camp that all of the major deposits were held by the same company. In 1991, Avino Mines and Resources conducted surface and underground exploration including surface drilling, rehabilitation of the King Mine 800 level, and underground drilling to explore the Peter Vein.

In 1993, Bralorne Pioneer Gold Mines Ltd. ("Bralorne Pioneer") optioned the property from Avino and conducted surface exploration over the northeastern part of the property. In 1994, the same company carried out a diamond drill program on the Peter Vein and other nearby veins. In 1995, Bralorne Pioneer carried out 700 feet of underground drifting on the Peter Vein on the 800 level and underground drilling to test the Peter and Big Solley Veins. Also in 1995, Bralorne Pioneer carried out surface trenching followed by drilling. Further surface drilling was done in 1997. In 2001, Bralorne Pioneer drove a raise from the upper Peter drift through to surface and a second raise was driven part way to surface from the same level.

Bralorne Pioneer acquired 100% interest in the property from Avino Silver and Gold Mines Ltd in 2002. In 2002 and 2003, Bralorne Pioneer drilled 24 surface diamond drill holes and carried out a trenching program on the Peter Vein.

In 2003 and 2004, Bralorne Pioneer rehabilitated part of the 800 level, prepared both the 800 level drift on the Peter Vein and the Upper Peter cross-cut (4,230 level) for stoping, and commenced stoping the vein in the Upper Peter workings. Between 2004 and 2005, Bralorne Pioneer drove a trackless decline on the Peter vein from the 4,230 Level to the 4,130 Level and developed stopes on both these levels. A total of 3,500 tons of material grading 0.35 ounces of gold per ton is estimated to have been produced from the Peter vein before mining was stopped in 2005. Also in 2004 and 2005, Bralorne Pioneer carried out a surface drilling program consisting of 5,691.2 meters of NQ core in 43 holes. This program was targeted mainly at the 51BFW vein in the historic gap between the Bralorne and Pioneer Mines.

In 2005, Bralorne Pioneer collared an adit and drove a crosscut to access the 51BFW vein at the 4,140 elevation. A sill drift was driven in this vein and a trial shrinkage stope was developed. In the process of constructing the access road to the new adit, a mineralized quartz vein was discovered. This zone remains a valid exploration target and is now interpreted to be the top of the 52 vein.

Bralorne Pioneer changed its name to Bralorne Gold Mines Ltd. and operated the mill intermittently on a trial basis in 2004 and 2005 to process material from the Peter and 51BFW veins, plus low grade material from old mine dumps and tailings. The combined total for all of the old tailings and low grade stockpile material that was processed between March 2004 and January 2005 was 22,642 tons at a feed grade of 3.15 g/t gold (0.092 oz/ton Au) with an overall gold recovery rate of 73.89%. The mill was operated again from March 2005 to November 2005 with feed from the Peter and 51BFW veins. Production totalled 8,552 tons at 8.67 g/t gold (0.253 oz/ton Au) with a recovery rate of 92.33% (of which 46% was in the flotation concentrate). Material from the Peter vein had about 35% of the gold reporting to the cleaned gravity concentrate (smelted on site). The balance of the gold (to a total of approximately 92%) was recovered into a flotation concentrate which averaged 62 g/T Au. The 51BFW material was found to be much coarser grained and yielded 61% gravity recovery and produced a flotation concentrate grading over 186 g/T Au.

In 2005, a Preliminary Economic Assessment (Beacon Hill 2005) showed that an average grade of at least 15.5 g/t gold would be required to sustain a viable operation, based upon the operating costs at a production rate of 100 tons/day. The study recommended programs to delineate sufficient resources to support a production rate of 280t/d at 12 g/t gold (0.35 oz/ton). This analysis was based on a gold price of US\$400 per ounce.

In 2006, BGM conducted surface and underground exploration, including a MMI geochemical survey, surface diamond drilling (26 holes; 5,667.8m), underground drilling (4 holes; 980.9m), and digitization and compilation of current and historic data. Significant drill intercepts were identified including two high-grade intercepts in the Bralorne-King area. SB06-109B intersected 0.61 m of 15.87g/t gold and then intersected two smaller zones of high grade gold; a 0.34 m vein assaying 402.58 g/t gold and a 0.37 m vein assaying 246.99 g/t gold.

In 2007, BGM conducted underground drilling (47 holes; 8,603m) in the area of the high grade intercepts obtained in 2006. Significant intercepts obtained in the underground drill program were modeled by Beacon Hill as a new zone (BK Zone).

In 2008, BGM conducted underground advancement including a track drift to cross cut to the BK Zone, and drifting along the zone. Drift muck from the mineralized structure was stockpiled for mill feed.

2009-2015 Activity

BGM continued exploration and evaluation of the property between 2009 and 2015, and conducted diamond drilling, underground advancement and trial mining and milling. The purpose of this work was to locate new gold resources and evaluate production at higher gold prices.

In October 2014, BGM was acquired as a wholly owned subsidiary of Avino Silver & Gold Mines Ltd. Under Avino's ownership, BGM has continued its trial mining program and resumed diamond drilling.

Project Infrastructure

The Bralorne mine is supplied with electrical power from BC Hydro. The main BC Hydro service is estimated to be rated for a maximum demand of 1,500 kVA based on the single line diagrams provided and existing transformer capacities, consisting of 500 kVA for the surface buildings and 800 portal, and 1,000 kVA for the mill. The load distribution between the surface buildings/underground feeder and the mill feeder is understood to be divided in proportion to the two transformer bank capacities, therefore the surface buildings/underground feeder take one third of the combined load and the mill feeder takes two thirds. The maximum electrical demand measured at the BC Hydro service point in 2012 was 660 kW. At unity power factor, this translates to an estimated peak demand load of 220 kVA on the surface buildings/underground feeder and 440 kVA on the mill feeder.

There is also a second BC Hydro electrical service to the BK mine which is rated 600V 400A and which supplies an estimated existing peak demand load of about 100 kVA.

The infrastructure at the Bralorne Mine is well developed. A 100 ton per day plant is in place and was operated from 2011 through 2014, processing 100-120 t/d of material. A tailings storage facility has also been constructed and tested with material from the plant. Offices, mine dry, warehouse, and associated facilities are also in place to support the test-scale activities.

Processing Plant

The existing process plant is a conventional flotation plant designed to produce both gravity and flotation concentrates. The quantity and quality of these is dependent on the material being treated. The plant, including the crushing circuit, is housed in a single building along with both coarse and fine material bins.

The crushing circuit is capable of 50 t/h, and thus would serve with single shift crushing; however, feed storage is limited at 90t coarse material and 180t fine material (in two bins). The feed is reclaimed from the fine material bins and fed to a 6.5' x 6' ball mill fitted with a 150HP motor. The mill runs at 72% critical and will draw 80HP at the pinion.

The feed to the mill is determined by belt cuts. It would be difficult to install a belt scale. An increase in mill speed may increase throughput to 145 t/d. Processing experience indicated that as tonnage was increased beyond approximately 3.7 t/h (80 t/d), an excessive amount of pebble was rejected by the mill; this problem was addressed by the installation of a reverse spiral on the output trommel.

Mill discharge passes over a jig. Jig tailing is cyclone feed, the cyclone underflow being returned to the mill and overflow reporting to the conditioning tank ahead of flotation.

The flotation circuit is conventional, the small 15 cu ft Minpro cells being supplemented by a single 100 cu ft Wemco cell which is used as the first rougher cell. Rougher and scavenger concentrates are cleaned to produce a final concentrate.

The tailings from the flotation circuit, representing final tailings, are pumped to the tailings storage facility using a four-stage pumping system.

The flotation concentrate is pumped to a concentrate thickener. This thickener is adequate at experienced processing rates. Thickener underflow is pumped to a 4ft. drum filter. Filtered concentrate is bagged in super sacks

for shipment.

Mining Fleet

The Bralorne mining fleet currently consists of a dozer, a loader, 5 scoop trams, 3 electric locomotives with 5 mine cars, a rock breaker, a jumbo and an emergency transport vehicle.

Tailings Storage Facility

The tailings storage facility (“TSF”) is permitted under the existing mine permit, M-207 with the Province of British Columbia, Canada.

Construction of the TSF commenced in 2003 and initial construction was completed in 2004. Tailings were deposited in the TSF up until December 2014. Approximately 32,000 tons of tailings were deposited in the TSF between April 2004 and November 2005, and a further 108,180 tons deposited between 2011 and 2014, for a combined total of approximately 140,000 tons deposited. The Concentrator Mill was temporarily shutdown in December 2014. No tailings were produced or deposited in 2015.

Tetra-Tech EBA Inc. has been supplying the Engineer of Record and has undertaken the annual TSF inspections since 2011 and is familiar with site conditions and background data.

The current TSF consists of the following components:

- The main tailings dam, comprised of a North, Middle and South Section;
- South Seepage Collection Pond;
- South Settling Pond;
- Settling Pond Embankment;
- Middle Seepage Collection Pond;
- Middle Seepage Collection Ditch;
- North Seepage Collection Pond;
- North Seepage Collection Ditch.

TetraTech EBA was contracted to design and oversee construction of a TSF raise. A Raise was constructed on the existing approximately 17m wide embankment crest in 2015. The Raise included a compacted key trench and a spillway in the design. Approximately 8600 cubic metres of material was used in the construction. The raised dam elevations vary between 991.422 masl and 991.500 masl. The spillway invert is at 990.9 masl and the required freeboard is 1 metre. Approval from British Columbia Ministry of Energy & Mines to operate the TSF with the raise was received on 11 December 2015.

With the raise in place, it was estimated by TetraTech EBA that there is capacity for 126 000 cubic metres of tailings storage when the design storm volume of 62 500 cubic metres is taken into account.

The TSF Stability Assessment is in progress. Tailings or drainage water will not be placed in the TSF until the assessment is completed.

Three seepage zones, north, south and middle, have been noted since impoundment of water within the TSF. Rates and quality of the discharge fluctuates seasonally. The water quality and volume flowrates have not exceeded the British Columbia Ministry of Environment Permitted quality and flow limits.

Water level and water quality monitoring includes groundwater monitoring wells installed downstream of the TSF, standpipe and vibrating wire piezometers installed downstream and in the TSF embankment, and H flumes in the seepage ditches.

Tailings are delivered to the TSF from the mill by a tailings pipeline constructed of 3” diameter butt fused HDPE DR17 pipe. Tailings disposal requires pumping from the mill to the TSF by a multi-stage pump in the mill. The tailings pipeline crosses Cadwallader creek on a suspended wire crossing. New anchors for the crossing were engineered and installed in a project overseen by TetraTech EBA in 2015. New cables were also installed at this time.

Offices, Dry, Warehouse and Camp

The facilities at the Bralorne Mine are in good condition and are adequate for the present extracting and processing activities. The camp can house up to 45 persons.

Water Treatment

A water treatment system was commissioned and operational in May 2013. The Water Treatment System was expanded in 2015 to double the treatment capacity up to 8 L/s. The Water Treatment System has either Mine drainage (MD800) water or TSF supernatant water for inlet. The Water Treatment System is in place to remove naturally occurring arsenic prior to discharge.

The technology used for the treatment is a granular titanium dioxide adsorption media in a series of filter tanks. The adsorption occurs as the arsenic is attracted to the negatively charged surface sites of the titanium dioxide. The arsenic present is primarily arsenic (V) which in solution forms a variety of positive charged species.

The water treatment system is a stand-alone automated system designed by WaterTiger. The expansion of the Treatment system was also purchased and installed by WaterTiger in 2015. The adsorbent media used is Metsorb HMRG from Graver Technologies. The water treatment system is comprised of a pump and pre-filter, an air injection venturi, a sand filter per line, and filter tanks for each line.

The mine drainage water is supplied to the pump by gravity from the process water tanks in the mill. The drain for backwash of the pre-filters is plumbed to the mill for collection in the lower sump. Discharge of the treated water is onsite into an unlined spill pond, where sampling and monitoring occurs.

The adsorption tank system consists of two parallel trains. The original train has 1 sand filter and 4 media filter tanks. The expanded capacity added a second parallel train of 1 sand filter and 7 media tanks. Each train is filled with 10 barrels of media split between the tanks. The tanks in the second train are smaller but make up the same overall capacity. Each tank is filled with a layer of gravel, then NextSand, then 16ft³ Metsorb. The tanks have a central, full height pipe with a distributor array at the bottom to encourage distributed flow up through the tanks. Each tank has a control valve on the top of the tank to control backwash and rinse cycles.

Each tank has been set to backwash (and rinse) once per 24 hours at consecutive hours so that not more than one would backwash at once. The surface porosity and structure of the media also plays a role in adsorbent effectiveness. Backwashing can aid in surface exposure of the media. Each line has been equipped with flowmeters, allowing tracking of flow rates, total daily flow and cumulative throughput at each tank.

For flows of less than 4 L/s, one train is operated. For flows between 4 and 8 L/s, both trains are operated. Daily testing each shift of the Outlet water quality is performed by trained operators using a QuikTest kit. Once target arsenic concentrations of 400 ug/L, as measured by the QuikTest, are reached, the media is considered spent. It is removed and replaced with fresh media. Lab samples are taken twice per week to test for arsenic. They are analyzed at third party a CALA certified laboratory.

Planning has been initiated to rent a larger WTP during freshet, which normally starts around April 1st each year, as water flows during this period increase significantly

Mineral Reserve Estimates

There are currently no mineral reserves on the property.

Mineral Resource Estimates

The estimates described below are for Mineral Resources and are categorized as Measured, Indicated or Inferred according to the CIM Definition Standards for Mineral Resources and Mineral Reserves, as adopted on November 27, 2010. Mineral resources that are not mineral reserves do not have demonstrated economic viability. The estimates are not categorized as Mineral Reserves at this time since they do not take into account other economic factors including mining outlines or mining recovery. However, a reasonable requirement of a minimum mining width is incorporated in the estimate by compositing assays to a minimum mining width of 1.2 meters (4 feet), and by addition of 10% dilution at zero grade to each resource model.

The table below lists the diluted resources for the Bralorne property as at August 31, 2012, as published in the most recent independent technical report. The key assumptions, parameters, and methods used to estimate the mineral resources are described in that report.

Resource Estimate (Diluted) - Effective date: August 31, 2012:

Resource	Measured				Indicated				Inferred				
	tons	opt Au	Tonnes	g/T Au	tons	opt Au	Tonnes	g/T Au	tons	opt Au	Tonnes	g/T Au	
800 Stockpile	1,119	0.434	1,015	14.88									
BK-Broken Inventory	3,767	0.400	3,417	13.71									
BK-3 Upper	8,473	0.508	7,687	17.42	36,726	0.285	33,317	9.76	38,040	0.222	34,509	7.61	
BK-3 Lower	1,943	0.259	1,762	8.88	5,405	0.243	4,904	8.32	8,815	0.280	7,997	9.60	
BK-800	763	0.492	693	16.86	4,418	0.302	4,008	10.35	4,547	0.270	4,125	9.26	
BK-900	1,730	0.448	1,570	15.37	6,866	0.559	6,229	19.17	8,645	0.444	7,843	15.21	
BKN-800					11,678	0.319	10,594	10.94	11,851	0.271	10,751	9.28	
BKN-900					4,266	0.384	3,870	13.15	6,977	0.318	6,330	10.91	
HW51BFW-400	1,076	0.068	976	2.34	15,869	0.447	14,396	15.34	11,707	0.325	10,621	11.16	
HW51BFW-Other									10,546	0.767	9,567	26.31	
51BFW-400-West					8,208	0.240	7,446	8.23	11,440	0.209	10,378	7.17	
51BFW-600	2,451	0.021	2,223	0.72	20,030	0.156	18,171	5.36	40,987	0.175	37,183	6.02	
51BFW / 4140	8,582	0.230	7,786	7.89	13,431	0.255	12,184	8.75	13,145	0.246	11,925	8.44	
51BFW-Other									27,297	0.247	24,763	8.46	
Taylor					8,863	0.148	8,040	5.08	14,770	0.207	13,399	7.11	
Peter	80	1.003	73	34.38	4,840	0.273	4,391	9.35	5,539	0.139	5,024	4.77	
52 Vein									52,911	0.324	48,000	11.10	
King									4,872	0.273	4,420	9.35	
Total	29,984	0.338	27,201	11.59	140,599	0.250	127,549	8.58	272,089	0.256	246,835	8.78	
Measured + Indicated	170,583	0.266	154,750	9.11					Inferred	272,089	0.256	246,835	8.78

We advise U.S. investors that while the terms “measured mineral resource”, “indicated mineral resource” and “inferred mineral resource” are recognized and required by Canadian regulations, the U.S. Securities and Exchange Commission does not recognize these terms. U.S. investors are cautioned not to assume that any part or all of a mineral resource will ever be converted into reserves. Mineral resources are not mineral reserves and do not have demonstrated economic viability. The mineral resources reported represent estimated contained metal in the ground and have not been adjusted for metallurgical recovery. The potential exploration for and evaluation of mineral resources may be materially affected by legal, political, environmental or other risks.

Under National Instrument 43-101, BGM is required to disclose that it has not based its extracting and processing resources decisions on NI 43-101-compliant reserve estimates, or feasibility studies, and historically projects without such reports have increased uncertainty and risk of economic viability. BGM's decision to extract and process resources, expand a mine, make other extracting- and processing-related decisions, or otherwise carry out mining and processing activities is largely based on internal non-public Company data, and on reports based on exploration and mining work by BGM and by geologists and engineers engaged by BGM.

Bralorne Mine – Resource Depletion

Since the date of the resource estimate, mining activities at Bralorne continued to explore the BK-3 Upper zone and deplete a number of resource blocks. A total of 51,767 tonnes at an estimated grade of 8.7 gram per tonne gold was extracted from the resource.

Exploration

Diamond Drilling

Annual drilling is summarized in the table below. From 2009 to 2013, a total of 99 holes totaling 15,936 metres were drilled on the Bralorne property from underground and surface.

After the acquisition of BGM by Avino in 2014, surface drilling was carried out totaling 7,793.1 meters on 10 holes in the Prince and Shaft veins.

Summary of drilling performed between 2009 and 2015:

Year	Type	Number of Holes	Total Meters	Core Size
2009	Surface	16	3,658.9	NQ
2010	Surface	11	2,655.4	NQ
2011	Surface	29	5,024.3	NQ
	Underground	5	902.2	NQ
2012	Surface	2	569.1	NQ
	Underground	25	2,391.5	NQ
2013	Underground	11	734.4	NQ
2014	Surface	10	1,218.9	NQ
2015	Surface	22	6,574.2	NQ

Underground Advancement / Exploration

The Bralorne underground mine is operated under British Columbia Ministry of Energy and Mines Permit M-207. This permit was based on a mine plan for an underground operation of 200 tonnes per day, with the potential to increase up to up to 450 tonnes (approximately 500 tons) per day.

Underground advancement in the form of drifting, raising and stoping was carried out in the area of the discovery made in 2006 on the BK zone. Stope mining (stopping) was performed using the shrinkage method. In this approach, raises are driven in the material under geological control from the sill horizon at horizontal intervals dictated by the continuity of the material zone and connected to drifts at the upper end of the stope for access and ventilation. The material is excavated in horizontal slices from the bottom of the stope and advancing upwards. Part of the broken material is mined out of the stope and the remaining material acts as a working platform for mining the next lift and also to support the stope walls. Approximately 35 to 40% is drawn out during mining advancement and when all the material has been broken within a stope the remainder is extracted. This approach results in limited extraction during mining, but a significant increase in the extraction rate from each stope when all the material is broken. As a result of this process, a number of stopes will be in a breaking mode while a number will be in a pulling mode to ensure continuous feed to the plant.

A total of 1,283.2 meters of drifting, 618.6 meters of raising and 6,884.5 tonnes of material were mined from stopes in 2012 and 2013. In 2014, underground advancement continued in the BK zone, with 546 meters (1,791 feet) of exploration drifting along veins on the 3700, 3800, 3840 and 3900 elevation sublevels, and 155 meters (510 feet) of waste drifts in extraction drifts and draw points for mining. Exploration advancement on veins was carried out on the 3700 and 3900 levels, including 310 meters (1,016 feet) of raises. The table below summarizes the underground advancement carried out in the BK zone from 2009 to 2014, no underground advancement occurred in 2015.

Summary of underground exploration advancement – BK zone:

Year	Location	Type	Amount	Units
2009	BK Portal	Trackless Decline (11'x9')	391.8	ft.
	Taylor Access	Trackless Drifting (track installed) (11'x9')	431.0	ft.
	BK Exploration Raises	Raising (5'x5')	216.2	ft.
2010	Taylor Access	Trackless Drifting (track installed) (11'x9')	459.1	ft.
	8L BK (ext./DP)	Track Drift (6'x7')	699.1	ft.
	BK Exploration Raises	Raising (5'x5')	20.0	ft.
	BK Stope (lifts)	Stoping	4,434.6	tons
	8L North Drifting	Track Drift	245.0	ft.
	North Subdrifting	Subdrift	567.6	ft.
	North Slot Raises	Slot Raising in Stope	477.2	ft.
	North Vein Stopping	Stoping	650.6	tons
	Taylor Access	Underground Rehab	368.0	ft.
2011	BK Stope (lifts)	Stoping	7,966.7	tons
	North Slot Raises	Slot Raising in Stope	118.5	ft.
	North Stopping tons/slashes	Stoping/slashes	153.0	tons
	Alhambra DD Cutout	Cut out from track drift	11.7	ft.
	Pass Raise and Chute	Raising (6'x5')	382.6	ft.
	Manway Raise	Raising (6'x5')	90.4	ft.
	BK Portal Ramps	Trackless Decline / Incline (11'x9')	1,560.1	ft.
	Alhambra Drift	Underground Rehab	222.7	ft.
	Sumps and Remucks	Trackless Drifting (11'x9')	168.6	ft.
	BK Access	Trackless Drifting (11'x9')	71.5	ft.
	BK Refuge	Trackless Drifting (11'x9')	32.6	ft.
	BK Safety Bays	Jackleg Drifting (5'x6')	66.0	ft.
2012	BK Portals	Trackless Decline / Incline (11'x9')	472.0	ft.
	Sumps and Remucks	Trackless Drifting (11'x9')	40.0	ft.
	BK Access	Trackless Drifting (11'x9')	206.4	ft.
	BK Safety Bays	Jackleg Drifting (5'x6')	20.0	ft.
	Extraction Drifts	Trackless Drifting (11'x9')	370.0	ft.
	Drawpoints	Trackless Drifting (9'x9')	199.0	ft.
	Drifts	Trackless Drifting (8'x9')	1,652.1	ft.
	Stope Manway Raises	Raising (6'x5')	693.1	ft.
	Manway Raises	Raising (6'x5')	394.7	ft.
2013	BK Access	Trackless Drifting (11'x9')	31.7	ft.
	Sumps and Remucks	Trackless Drifting (11'x9')	6.0	ft.
	Exploration Raises	Raising (6'x5')	876.4	ft.
	Stope Manway Raises	Raising (6'x5')	65.2	ft.
	Drifts	Trackless Drifting (8'x9')	443.8	ft.
	Subdrift	Trackless Drifting (6'x6')	171.7	ft.
	Extraction Drifts / Drawpoints	Trackless Drifting (11'x9')	462.5	ft.

Year	Location	Type	Amount	Units
	BK Portal	Trackless Decline / Incline (11'x9')	134.9	ft.
	BK Stopes	Stoping	7,588.9	tons
2014	Drifts	Trackless Drifting (8'x9')	1,791.0	ft.
	Extraction Drifts / Drawpoints	Trackless Drifting (11'x9')	510.0	ft.
	Exploration Raises	Raising (6'x5')	1,016.0	ft.
	BK Stopes	Stoping	20,953.9	tons

Exploration and Advancement Plan

The general plan for advancement of this property is to continue to explore for additional resources and to increase the processing rate from the current trial scale of approximately 100 tons per day towards the 500 tons per day projected in the original plan on which mine permit M207 was based.

The 2012 technical report recognized that the Bralorne mine extracts and processes resources and has the potential for delineating additional resources below the area presently being mined. Thus there is opportunity for continued extracting and processing and the potential for expanded extracting and processing should these resources be delineated. The process of resource expansion combined with operational expansion, if applicable, should be completed in a controlled manner. The recommended expansion program at the time of the 2012 technical report had a cost estimate of CAD \$17,963,000 (Beacon Hill, 2012).

Subsequent to acquiring BGM, Avino engaged consulting professional engineers to prepare and evaluate a new strategic mine plan, including an assessment of more cost effective mining methods and capital expenditures needed to bring the project to a profitable position; the Company has been reviewing the requirements to increase processing capacity should the resources and mine plan prove feasible and viable. Specifically, a mechanized approach to mining is being evaluated to potentially increase extraction and processing levels.

Trial Gold Extraction and Processing

Between 2010 and 2014, a total of 83,462 tonnes of material were extracted from the underground mine for mill feed at an estimated grade of 10.01 grams of gold per tonne, and 7,025 tonnes at an estimated grade of 3.44 grams of gold per tonne were extracted from surface stockpiles.

BGM operated the processing plant from May 2011 until December 2014. The output of the plant consisted of gold and silver in doré bars and flotation concentrate, with gold making up the majority of sales. BGM sold to refiners and concentrate traders to offset the costs of exploration and advancement work.

Between 2011 and 2014, BGM produced a total of 18,436 ounces of gold, of which 10,670 ounces were contained in gold doré and the balance contained in flotation concentrate. These totals include 590.1 ounces produced after the acquisition of BGM by Avino in 2014.

During the second quarter of 2015, the necessary approvals to increase the height of the embankment dam for the tailings storage facility were received from British Columbia's Ministry of Energy & Mines based on the design provided by Tetra Tech. Construction to heighten the embankment dam began in August 2015 and was successfully completed in October 2015. This major project was necessary due to lack of freeboard from the unseasonably high temperatures and rainfall in December 2014. These events led management to suspend processing at the Bralorne mill facility due to concerns about the water level within the tailings storage facility. The Company plans to resume underground activities and mill processing in 2016 once permission to use the tailings storage facility has been granted by the Ministry of Energy and Mines.

During 2015, ongoing maintenance and improvements continued at the mill. Two new scoop trams and a rock breaker were acquired from Sandvik as well as a new 966 loader from Caterpillar; an order has also been placed for a new Sandvik jumbo, and the search continues for additional equipment. Strategic planning alternatives, including new mining methods tailored to the attributes of the Bralorne resource, are being evaluated. The Company is maintaining open lines of communication with First Nations communities, and management continues its efforts to build meaningful progressive relationships with its stakeholders.

The table below presents material mined, material processed, concentrate and doré bars produced, concentrate and doré bars sold, and average realized pricing for the Bralorne Mine property since the acquisition by Avino in October 2014:

		2014 Bralorne Mine
Mined		
	tonnes	3,865
	Gold (g/t)	7.4
Processed		
	tonnes	4,900
	Gold (g/t)	3.97
Doré Bar Produced		
	Gold (oz)	291.84
Doré Bar Sold		
	Gold (oz)	428.85
Average Realized Pricing - Doré Bar		
	Gold (US\$/oz)	1,187.78
Concentrate Produced		
	tonnes	77.32
	Gold (g/t)	120.00
Concentrate Sold		
	tonnes	108.72
	Gold (g/t)	112.80
Average Realized Pricing – Concentrate		
	Gold (US\$/oz)	1,215.53

Environmental

The Bralorne mine holds two permits under the Environmental Management Act of British Columbia authorizing effluent discharge from the processing plant and from specific drainage and seepage points, and also for air contaminants related to processing. These permits are administered by the British Columbia Ministry of Environment (MOE).

Permit 14479 was issued by the MOE on March 31, 2011 and authorizes discharge of air contaminants. Permit 14480 was issued by the MOE on March 30, 2011 and was amended in 2013 and 2015. This permit authorizes discharge of effluent to a tailings impoundment, the ground, and Cadwallader Creek, subject to specified terms and conditions. The maximum rate of tailings discharge permitted is 500 cubic meters per day and the authorized discharge period is continuous.

Permit 14480 requires mine drainage water, which includes arsenic, to be pumped to the TSF. The approved amendments in 2013 and 2015 allow treatment of this water to reduce the arsenic content and allow discharge of treated water during specific times of the year subject to certain terms and conditions (see “Item 3.D.: Key Information – Risk factors – Operating hazards and risks”).

In 2015, underground mining operations were limited to one shift from January – April 2015. They were temporarily suspended on April 16, 2015. The concentrator mill did not operate in 2015.

For the period January through December 2015, all monitoring requirements were met under Permit 14480, at and surrounding the works of Bralorne Mines Ltd. Under Section 1.1 Gold Mine and Ore Concentrator there was no discharge in 2015. Under Section 1.2 Tailings Seepage Collection Ponds, there were no exceedances of flowrate, TSS, Sulfate, Arsenic or ph. There were no exceedances of Section 1.3 Upper Peter Mine Adit.

There were exceedances of the Total Arsenic from the Water Treatment System from February 6 – March 1, 2015, and March 22-25, and April 5 – May 20, and June 10 - 28, and July 23, and December 11 -13. During the high flow periods, the Water Treatment System was operating at maximum flowrate. For the period February – May 2015, the flowrate was set to treat maximum flow, not reduced to meet outlet concentrations. The July and December exceedances were due to media not being changed out in time due to difficulty predicting the media end-of-life. Improvements were made in procedures. The maximum flowrate up until March 26, 2015 was 4 L/s and subsequently 8 L/s. There were no exceedances of permitted flow of 925 m³/day.

Treated water was discharged from the Water Treatment Plan during the periods January 24 – June 30, 2015 for freshet; and July 9 - 31 2015; and August 27 – September 30 for TSF Raise construction; and October 18 – 31 December 2015 for TSF Stability Assessment. Treatment summaries were issued for January – July and for August – September 2015.

The MD800 water flows increased significantly in December 2014 through February 2015 following extremely unusual warm and wet weather. The Water Treatment Plant capacity was increased to 8L/s on 27 March 2015. The high flows resulted in a discharge of untreated MD800 water during the periods February 6 – March 30, 2015 for excess capacity beyond the Water Treatment System, and limited TSF storage capacity.

The Bypass Authorization of the Water Treatment Plant was approved on February 11, 2015 and extended on April 1, 2015. An Information Order of March 10, 2015 had requirements for a source investigation plan, a water treatment options investigation, a discharge option investigation and a human health and ecological risk assessment. The source investigation requires data from freshet 2016. All other tasks under the Information Order have been completed.

The Seepage arsenic concentrations and Sulfate levels were below limits in 2015 and are not trending upwards. The Upper Peter Creek and Upper Peter Adit arsenic concentrations are not trending upwards. The MD800 and Tailings Pond arsenic concentrations did not trend upwards in 2015. The Groundwater well arsenic concentrations did not trend upwards in 2015. Following the elevated arsenic concentrations in Cadwallader Creek during the extraordinary freshet events, the arsenic concentration in Cadwallader Creek did not trend upwards.

A TSF dam raise was completed in 2015 to increase the capacity. TetraTech EBA was contracted to design and oversee construction of a TSF raise. A Raise was constructed on the existing approximately 17m wide embankment crest in 2015. The Raise included a compacted key trench and a spillway in the design. Approximately 8,600 cubic metres of material was used in the construction. The raised dam elevations vary between 991.422 masl and 991.500 masl. The spillway invert is at 990.9 masl and the required freeboard is 1 metre. Approval from British Columbia Ministry of Energy & Mines to operate the TSF with the raise was received on 11 December 2015. No water or tailings have been placed in the TSF since October 18, 2015 pending a stability assessment on the TSF.

No spills or emergency incidents occurred in 2015.

Bralorne Reclamation

During 2015, Bralorne submitted an interim closure and reclamation plan with the applicable levels of the British Columbia provincial government and other stakeholders. The plan outlines Bralorne's reclamation objectives for the Bralorne property which include:

- Long-term preservation of water quality and the aquatic environment downstream of decommissioned operations;
- Long-term stability of engineered structures, including the tailings storage facility, waste rock storage areas, and post-closure water management system;
- Removal and proper disposal of all structures and equipment not required beyond the end-of-mine life, and removal of roads where no further use is planned;
- Natural integration of disturbed areas to be compatible with the surrounding landscape, and restoration of a natural appearance to the disturbed areas after mining ceases, to the extent

- practicable; and,
- Establishment of a self-sustaining cover of vegetation that is consistent with existing wildlife use.

Our interim closure and reclamation plan is subject to review and input from the local First Nations and the provincial government, and will be subject to further studies over the next five years to determine the most effective method to achieve the objectives outlined in our proposal.

In connection with the submission of the interim closure and reclamation plan, the Company recorded an estimate for the Bralorne property reclamation provision in its consolidated financial statements for the year ended December 31, 2015 in the amount of approximately \$4 million, which as an estimate may be subject to further changes over the course of the reclamation period.

Costs Incurred to Date

The table below for the period from acquisition on October 20, 2014 to December 31, 2015 contains selected financial data prepared in accordance with IFRS derived from our audited consolidated financial statements.

	<i>Exploration and Evaluation Expenditures</i>	<i>Capital Expenditures</i>	<i>Operating and Administrative Expenses*</i>	<i>Total</i>
2014	875,057	91,313	159,413	1,125,783
2015	9,655,045	1,459,884	8,121	11,123,050
Total	10,530,102	1,551,197	167,534	12,248,833

*Operating and administrative expenses do not reflect other income or expense or other comprehensive income or loss.

Below is a table summarizing the estimated planned future costs for 2016. The Company will need to raise capital to meet its planned future costs. No assurance can be given that the Company will be able to raise the amounts in the table below or that actual future costs will equal the amounts in the table below. If the Company is unable to raise capital to meet its planned future costs, it may have to curtail planned activities.

Year	Operating Expenses	Capital Expenditures	TOTAL
2016	\$592,203	\$7,227,209	\$7,819,412

Eagle Property – Not Active

Ownership. The wholly owned Eagle property was acquired in 2003 when Avino purchased a 100% interest in 14 quartz leases by issuing 200,000 common shares at a price of \$0.50 per share for total consideration of \$100,000. The property was written down to a nominal value of \$1 in fiscal 2006 by a charge to operations of \$103,242 and currently has a deferred value of \$1.

Property Description and Location. The 516 ha property is located in the Yukon Territory roughly 38 kilometres northeast of Mayo and 350 kilometres due north of the capital of Whitehorse. It is currently in its Phase I stage of exploration. The property is accessed by a road. Whitehorse, the nearest major city, is approximately 380 kilometres to the south of the village of Mayo. The village of Mayo is 60 kilometers to the southeast of Keno City. The Eagle property lies on the south-east facing slope of Galena Hill where the elevations range from about 1350 m to 1540 m. Permafrost, while thin to non-existent in places, is reported to be found under accumulations of surface rubble left from glaciation.

Avaron Mining Corp. Option Agreement.

In January 2012, Avino entered into an option agreement with Avaron Mining Corp. (“Avaron”), whereby Avaron can earn the exclusive right and option to acquire a 100% title and interest in the Eagle Property.

To earn a 75% interest in the Eagle Property, Avaron must:

- Incur Exploration Costs totaling \$7.1 million over five years;
- Make total cash payments of \$375,000 over five years to Avino; and

- Issue a total of 800,000 common shares of Avaron over five years to Avino.

After earning a 75% interest, Avaron may either elect to form a Joint Venture with Avino, or has the following two options to earn the remaining 25% interest:

Option 1. Avaron may elect within the next six months to place the property into production and commence production at levels intended by management within 3 years, subject to a 2.5% Net Smelter Returns royalty and a minimum \$200,000 annual advance royalty payment payable for 5 years or until production begins; or

Option 2. If Avaron does not elect to place the property into production, Avaron must pay \$100,000 annual advance royalty payments and issue 250,000 common shares to Avino on or before each of the sixth and seventh anniversaries of January 3, 2012, and at its sole expense complete drilling of an additional 10,000 metres in depth on the Property or incur an additional \$2,000,000 in exploration costs in lieu of such drilling on or before the seventh anniversary of January 3, 2012.

In November 2012, Avino entered into an amending agreement dated November 22, 2012 to amend the option agreement dated January 3, 2012 (the "Option Agreement") with Avaron, whereby Avaron was required to issue an extra 100,000 common shares to Avino in order to move the first anniversary cash payment and work commitment back for one year.

Concurrently, Avino, Avaron and Benz Capital Corp. ("Benz") entered into an Option Purchase and Assignment Agreement dated November 30, 2012 (the "Purchase Agreement"), whereby Benz may acquire all of Avaron's interest in the Option Agreement pursuant to which Avaron has the option to acquire from Avino up to an undivided 100% interest in the Eagle Property. Avino agreed to provide the consent to the Purchase Agreement for 50,000 common shares from Benz.

During the year ended December 31, 2015, the Company's option purchase and assignment agreement with Benz Mining Corp. ("Benz") was terminated, and Avino now holds unencumbered title to and ownership of the property. Up to the termination date, Benz had met its obligations by incurring exploration expenditures of at least \$100,000 and issuing 50,000 shares to Avino.

Proposed Work Program. No further work is proposed at this time.

Olympic-Kelvin Property – Not Active

Ownership. The Olympic-Kelvin property is wholly owned by the Company and was acquired in 1987 when it acquired a 100% interest in 20 reverted Crown-granted mineral claims, one located mineral claim and three fractions located in the Lillooet Mining Division of British Columbia. The property was written down entirely in fiscal 2002. During the fiscal year ended January 31, 2007, these original mineral claims and fractions were converted into six claims encompassing all of the original claims. The Company recommenced exploration of the property in fiscal 2004 and ceased exploration activities in fiscal 2006. During the fiscal year ended December 31, 2009, the Company wrote down the value of these exploration costs to a nominal value of \$1 by an impairment charge to operations of \$163,466. The Company will maintain these claims in good standing and may decide to commence exploration again on the Olympic-Kelvin Property. However, the current focus of the Company is on its exploration activities in Mexico.

Property Description and Location. The Olympic-Kelvin property totals approximately 662.5 hectares and is located on the south side of Carpenter Lake, five kilometers northeast of Goldbridge in the Lillooet Mining Division, British Columbia.

The Olympic-Kelvin property is easily accessible by the all-weather, publicly maintained, Gray Rock logging road which runs northeast from Goldbridge. Access on the Olympic-Kelvin property is possible on a number of cat trails built by the Company and previous operators.

The Olympic-Kelvin property covers rocks of the Pioneer Formation and Bridge River Terrane. These rocks are cut by northwest trending regional scale structures sub-parallel to the Ferguson and Cadwallader Structures. The structures on the Olympic-Kelvin property are roughly the same distance from the Upper Cretaceous-Tertiary granitic Bendor Intrusions as the Bralorne/Pioneer mines. A similar flexure is present in the

northwest trending structures on the Olympic-Kelvin property. These structures on the property are mineralized with silver and gold and have received considerable past work, including at least four adits.

Proposed Work Program. No further work is proposed at this time.

Minto Property – Not Active

Ownership. The Minto Property is wholly owned by the Company and was acquired in early 1985 when it acquired its 100% interest in eight Crown granted mineral claims, eight reverted crown government granted mineral claims and one located mineral claim, situated in the Lillooet Mining Division of British Columbia. During the January 31, 2007 year end these mineral claims were converted into one claim encompassing all of the original claims. The property was written down to a nominal value of \$1 in fiscal 2002. The Company recommenced exploration of the property in fiscal 2006 and ceased exploration activities in fiscal 2007 and during the 2009 year end wrote down the value to a nominal amount of \$1 by an impairment charge to operations of \$256,800. The Company will maintain these claims in good standing and may decide to commence exploration again on the Minto Property. However, the current focus of the Company is its exploration activities in Mexico.

Property Description and Location. The Minto Property is situated about ten kilometers east of Goldbridge in the Bridge River gold district of British Columbia and adjoins the Olympic-Kelvin Property. The property covers approximately 204 hectares. The claims occupy the lake bed and north side of Carpenter Lake. Access from Goldbridge is made via an all-weather gravel road which skirts the north shore of Carpenter Lake.

Gold Bridge can be reached from Vancouver via Hope and Lillooet, a distance of 445 kilometers, or via Pemberton using the four-wheel-drive Hurley Pass route, a distance of 225 km.

The terrain is rugged, typical of the eastern margin of the Coast Range Mountains. The claim group ranges in elevation from 650 meters on Carpenter Lake to a maximum of 1020 meters.

The climate of the Bridge River District is transitional between humid coastal belt and more arid interior plateau. Annual precipitation is modest with a significant proportion falling as snow in the winter. Summers tend to be warm to hot depending on the altitude, and winters are moderately cold.

Proposed Work Program. No further work is proposed at this time.

El Laberinto Property – Not Active

Ownership. Avino is, directly or through its wholly-owned Mexican subsidiary Compañía Minera Mexicana de Avino, S.A. de C.V., a Mexican corporation, the sole legal and beneficial owner of 100% of the rights, title and interest in and to the El Laberinto Property located in Durango State, Mexico.

Property Description and Location. The El Laberinto property is situated 60 kilometres NE of Durango, Mexico and 25 kilometres west of Avino's main mine. It occurs in the Sierra La Silla (hills) which form part of a large volcanic caldera which also contains Avino's main holdings. The Sierra La Silla area contains many silver, gold, lead, zinc and copper veins similar to those at Avino which are also situated in the lower volcanic Andesite sequence.

History. El Laberinto is a small property today and is a remnant of a much larger land package in the area once controlled by Avino.

During 1995 Avino mapped the La Silla area and sampled the principal veins. Avino had assembled the land package in the district in search of another Avino main vein.

Avino drove an adit on the Veta Grande ("Big Vein") in late 1995. Values of silver and gold were sub-economic. The adit was stopped at a length of approximately 300 meters before it reached the main shoot described in the 1995 report. Three holes were drilled below the adit, for which assays are unavailable.

Avino does not consider that the Big Vein has been adequately explored to date. Although the adit showed low values, it did not reach the principal shoot and was likely too high on the vein structure.

In July 2012, the Company entered into an option and joint venture agreement with Endeavour Silver Corp. (“Endeavour”), whereby Endeavour was granted the option to acquire up to a 75% interest in the El Laberinto property, consisting of approximately 91.7 hectares. In order to exercise the option, Endeavour must pay up to US \$200,000 in annual installments over 4 years to Avino in option payments, and incur up to US\$3 million in exploration work on the El Laberinto property over the next 4 years.

In July 2014, the Company’s option and joint venture agreement with Endeavour Silver Corp. was terminated. Up to the termination date, Endeavour had met its obligations by incurring exploration expenditures of at least US\$300,000 and making option payments of US\$50,000.

Proposed Work Program. No further work is proposed at this time.

Other Properties (Durango, Mexico) – Not Active

Avino also has mineral rights for 5 other properties in the Durango State of Mexico, described below:

The El Hueco property, located near Silver Standard’s Pitarilla mine close to the town of Santiago Papasquiaro is comprised of 5 adjoining concessions and covers approximately 1,312.42 hectares. Avino assembled the land package between 1999 and 2005.

The Ana Maria property, located near Gomez Palacio, consists of 9 adjoining concessions and covers approximately 2,545 hectares. Avino assembled the land package in 2001 and 2002.

The La Potosina, El Fuerte and Aranjuez concessions, used to be contiguous with the Avino Mine property where the bulk of the work has been taking place, but claims in between these mining concessions and the Avino Mine property have been dropped.

Avino considers these properties to be of merit, but has no current plans for exploration and evaluation at this time.

Item 4A. Unresolved Staff Comments

Not Applicable.

Item 5. Operating and Financial Review and Prospects

The following discussion and analysis of financial condition and results of operations should be read in conjunction with the information contained in the Company’s annual audited consolidated financial statements and the notes thereto for the years ended December 31, 2015, 2014, and 2013 included in this annual report on Form 20-F. Such discussion and analysis is based upon our annual audited consolidated financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) for the years ended December 31, 2015, 2014, and 2013.

For all periods up to and including the year ended December 31, 2010, we prepared our consolidated financial statements in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”). The annual audited consolidated financial statements for the year ended December 31, 2011 were our first annual consolidated financial statements that were prepared in accordance with IFRS as issued by the International Accounting Standards Board (“IASB”).

A. Operating results

San Gonzalo Mine

The fiscal year ended December 31, 2012 saw Avino transition from exploration activities to extraction and processing of resources at levels intended by management in addition to exploration activities. On October 1, 2012, the Company declared extracting and processing resources at levels intended by management had been achieved at the San Gonzalo mine. The mine has continued to operate in this manner through 2015 and into 2016.

Operating results from the first 4 fiscal years are as follows:

	2012	2013	2014	2015
	Total	Total	Total	Total
Total Mill Feed (dry tonnes)	19,539	78,415	79,729	141,774
Feed Grade Silver (g/t)	259	288	337	279
Feed Grade Gold (g/t)	1.04	1.34	1.88	1.48
Bulk Concentrate (dry tonnes)	538	2,431	2,545	4,517
Bulk Concentrate Grade Silver (kg/t)	7.44	7,704	8.86	6.24
Bulk Concentrate Grade Gold (g/t)	26.33	31.6	45.7	28.34
Recovery Silver (%)	79	83	84	83%
Gravity Concentrate (dry tonnes)	-	-	-	16.59
Gravity Concentrate Grade Silver (kg/t)	-	-	-	2.85
Gravity Concentrate Grade Gold (g/t)	-	-	-	395
Gravity Concentrate Silver Content (Kg)	-	-	-	47.23
Gravity Concentrate Gold Content (g)	-	-	-	6,552
Recovery Gold (%)	70	73	78	75%
Mill Availability (%)	94.4	95.2	96.5	92.7
Total Silver Recovered (kg)	4,000	18,732	22,548	28,223
Total Gold Recovered (g)	14,161	76,904	116,338	134,569
Total Silver Recovered (oz) <i>calculated</i>	128,607	602,233	724,931	907,384
Total Gold Recovered (oz) <i>calculated</i>	455	2,473	3,740	4,326
Total Silver Equivalent Recovered (oz) <i>calculated</i>	161,310	779,980	993,744	1,218,351

* For comparison purposes, the silver equivalent ratio was calculated using metal prices of \$16 oz Ag and \$1,150 oz Au. Mill production figures have not been reconciled and are subject to adjustment with concentrate sales. Calculated figures may not add up due to rounding.

Avino Mine Stockpiles

During the first three quarters of 2012, Avino processed material left from past mining of the main Avino vein. The historic stockpiles had been left on the surface in various locations across the property making delivery for processing easy and cost efficient. The stockpiles provided Avino an opportunity to generate cash flow while tuning the mill and continuing underground advancement and mining at San Gonzalo. During this period, the Company was considered an exploration stage company, therefore the proceeds from the sale of this concentrate were charged as a reduction of exploration and evaluation assets and exploration costs; all concentrate produced during the period was sold. Quarterly output results from this project are as follows:

2012 Quarter	Source of Mill Feed	Feed Material Processed (tonnes)	Concentrate Produced (tonnes)	Ag oz Produced (calculated)	Au oz Produced (calculated)	Ag Eq oz Produced* (calculated)
Q1	Historic Stockpiles	14,600	176	17,875	220	28,875
Q2	Historic Stockpiles	16,900	134	14,129	180	23,129
Q3	Historic Stockpiles	20,015	323	31,024	381	50,074
Total	Historic Stockpiles	51,515	633	63,028	781	102,078

*: Silver equivalent was calculated using a 55:1 ratio for silver to gold. Mill processing figures have not been reconciled and are subject to adjustment with concentrate sales. Year-to-date and calculated figures may not add up due to rounding.

In April 2013, Avino commissioned a second 250 TPD circuit at the processing facility and began processing remaining above ground Avino Mine stockpiles. The stockpiles were processed using Mill Circuit 2 for the remainder of 2013.

During 2014, the stockpiles continued to add economic ounces to Avino's production profile. During the year, the stockpiles accounted for approximately 20% of the processing output from the Avino Property. The stockpiles were processed for the majority of the year using the 250 TPD Mill Circuit 2. In September 2014, Mill Circuit 2 transitioned to processing new underground material from the Avino Mine. Processing of the stockpiles resumed in mid-November when the material was used for start-up commissioning of Mill Circuit 3. During 2015, the stockpiles were processed using Mill Circuit 2 solely during the month of May. For the remainder of the year, Mill Circuit 2 was used to process new underground material from the Avino and San Gonzalo mines as well as San Gonzalo surface stockpiles.

Processing results from 2013 through 2015 are as follows:

	2013 Totals	2014 Totals	2015 Totals
Total Mill Feed (dry tonnes)	54,136	96,032	6,922
Feed Grade Silver (g/t)	85	92	87
Feed Grade Gold (g/t)	0.83	0.59	0.711
Bulk Concentrate (dry tonnes)	636	1,112	99.98
Bulk Concentrate Grade Silver (kg/t)	4.69	5.31	3,926
Bulk Concentrate Grade Gold (g/t)	37.7	33.1	29.78
Recovery Silver (%)	74	67	64.83
Recovery Gold (%)	61	65	60.53
Total Silver Recovered (kg)	2,981	5,903	393
Total Gold Recovered (g)	23,953	36,782	2,977
Total Silver Recovered (oz) <i>calculated</i>	95,482	189,800	12,635
Total Gold Recovered (oz) <i>calculated</i>	770	1,183	96
Total Ag Eq. (oz) <i>calculated*</i>	150,826	274,828	19,501

* For comparison purposes, the silver equivalent ratio was calculated using metal prices of \$16 oz Ag and \$1,150 oz Au. Mill production figures have not been reconciled and are subject to adjustment with concentrate sales. Calculated figures may not add up due to rounding.

Avino Mine

In the fourth quarter of 2014 the Company completed its Avino Mine and mill expansion. Initially, new material from underground at Avino was processed on a limited scale using the existing 250 TPD Mill Circuit 2. By year end, rehabilitation of the 1,000 TPD Mill Circuit 3 had been completed and sufficient material had been stockpiled; on January 1, 2015, full scale testing of both material and equipment commenced.

During 2015, newly mined underground material from the Avino Mine was processed primarily using Mill Circuit 3. During the months of July, August, November and December, Mill Circuit 2 was also used to process new material from the Avino Mine. Additionally, during the month of May, above ground stockpiles left from past mining of the Avino vein were processed using Mill Circuit 2; production from Mill Circuit 2 during the months listed above is reflected in the production figures in the following table.

Accordingly, 2014 and 2015 year end totals from the Avino Mine are reported as follows:

	2014 Totals	2015 Totals
Tonnes Mined	19,273	372,376
Underground Advancement(m)	788	5,056
Total Mill Feed (dry tonnes)	25,990	396,113
Feed Grade Silver (g/t)	77	65
Feed Grade Gold (g/t)	0.38	0.29
Feed Grade Copper (%)	0.60	0.62
Copper Concentrate (dry tonnes)	607	87%
Copper Concentrate Grade Silver (kg/t)	2.81	75%
Copper Concentrate Grade Gold (g/t)	13.17	87%
Copper Concentrate Grade Copper (%)	22.8	9,058
Recovery Silver (%)	86	2.47
Recovery Gold (%)	81	9.47
Recovery Copper (%)	89	23.76
Total Silver Recovered (kg)	1,704	22,329
Total Gold Recovered (g)	8,001	85,737
Total Copper Recovered (kg)	138,535	2,152,202
Total Silver Recovered (oz) <i>calculated</i>	54,794	717,901
Total Gold Recovered (oz) <i>calculated</i>	257	2,757
Total Copper Recovered (lbs) <i>calculated</i>	305,417	4,743,691
Total Ag Eq. (oz) <i>calculated*</i>	130,531	1,801,997

**For comparison purposes, the silver equivalent ratio was calculated using metal prices of \$16 oz Ag, \$1,150 oz Au and \$3.00 Lb Cu. Mill production figures have not been reconciled and are subject to adjustment with concentrate sales. Calculated figures may not add up due to rounding.*

Developments for 2015

San Gonzalo Mine

Mine exploration and advancement at San Gonzalo had another successful year. In 2015, the Company continued its definition drill program intended to define the boundaries of the San Gonzalo structure. In total, 25 holes were completed totaling 3,197.60m metres. During the year, mill feed came primarily from stopes on levels 4, 5 and 6. During the second quarter, the ramp advance was deferred (at 70 metres below level 7) in favor of using the mining equipment to advance levels 5, 6 and 6.5 laterally along the San Gonzalo structure to the East and West where the new mineralized zones were identified in 2014.

Processing of San Gonzalo Mill feed was bolstered for several months during 2015. Mill Circuit 2 processed San Gonzalo surface stockpile material during the first half of the year, excluding May; then processed new material from underground at San Gonzalo during September and October.

Avino Mine

Following several years of rehabilitation, in Q4 2014 the Company completed its Avino Mine and mill expansion. This significant milestone represented the first mining activity since the mine closed in 2001 due to low metals prices and the closure of the smelter in San Luis Potosi. Initially, new material from underground at Avino was processed on a limited scale using the existing 250 TPD Mill Circuit 2. By year end, rehabilitation of the 1,000 TPD Mill Circuit 3 had been completed and sufficient material had been stockpiled; on January 1, 2015, full scale testing of both material and equipment commenced.

During 2015, the Company continued its efforts to advance the mine, including the extension of the haulage ramp to access and extract the mineralized material included in the resource estimate prepared by Tetra Tech. Also during the year, the company entered into a term facility agreement for the sale of the Avino Mine concentrate with Samsung for a period of 24 months.

The Company expects to declare the extraction and processing of resources at levels intended by management in 2016. The mine plan calls for 20 - 24 months of advancement, however, during this period, advancement will occur primarily within mineralized areas. During this period the Company plans to extend the haulage decline and put in 5 new levels within the area included in the existing resource estimate.

In 2016, we expect to finalize plans to build a new tailings storage facility and activate the new 20 km power line to service both mines and all three mill circuits.

Between 1998 and 2000, prior to the suspension of mining activities, annual output averaged 933,240 ounces of silver, 7,537 ounces of gold, and 3,236,732 pounds of copper. Avino expects similar long-term annual output from the Avino Mine going forward, and is excited to see the long term impact on its extracting and processing profile.

Exploration

In 2015, exploration centered around the San Gonzalo Mine. The program consisted of both surface and underground definition drilling intended to define the boundaries of the San Gonzalo structure. In total, 25 holes were completed totaling 3,197.60m metres.

The Avino Property, which is located on the outer edge of a massive volcanic caldera, is host to dozens of small shallow mines from previous eras. In the coming years, Avino is committed to further regional exploration with the goal of locating the feeder system that created the numerous vein systems that fed the previous mines and that still permeate the property.

Many of the known veins on the property splay from the southeast corner of the claim block and trend in a northwesterly direction. The area that appears to be the focal point of the mineralization is known as Cerro San Jose and will be explored extensively in the future. The near term objective for exploration is to add mill feed near existing mine workings at the San Gonzalo and Avino Mines. Two such targets are the Guadalupe and Aguila Mexicana vein systems which have been successfully intersected in the past and could theoretically be accessed underground through the existing San Gonzalo Mine workings.

Bralorne Mine

During 2015, Bralorne continued to prepare and evaluate a strategic mine plan, including an assessment of more cost effective mining methods and capital expenditures needed to bring the project to a profitable position. The Company has acquired new mining equipment including two new scoop trams and a rockbreaker from Sandvik, and a loader from Caterpillar. Further, the Company has ordered a new development jumbo from Sandvik and expects to take delivery in the coming months. This brand new equipment will help to reduce maintenance costs while increasing mining productivity and efficiency when the project resumes operations. Ongoing maintenance and improvements continued in 2015 and the Company has been reviewing the requirements to increase processing capacity should the resources and mine plan prove feasible and viable. A raise to the embankment dam for the tailings storage facility was completed in October 2015 and the Company is currently in the process of obtaining the permits to resume processing and mining activities from British Columbia's Ministry of Energy & Mines and Ministry of Environment.

In November 2015, Bralorne, in conjunction with North Island College, the government and the First Nations formed a cohort to provide basic mining training for members of the St'at'imc First Nation in Lillooet. Bralorne provided support and access to mine site for hands-on training. The Company is maintaining open lines of communication with First Nations communities, and management continues its efforts to build meaningful positive relationships with its stakeholders.

Results of Operations

Twelve months ended December 31, 2015 compared with the twelve months ended December 31, 2014

Revenues

Revenues for the year ended December 31, 2015 were \$19,082,847. Revenues relate to the sale of silver and gold bulk concentrate produced from the San Gonzalo Mine and from processing Avino stockpiles. Revenues for the comparable year were \$19,297,953. The decrease in revenues of \$215,106 in the current year can be attributed to lower metals prices. During the year ended December 31, 2015, the Company produced 4,517 tonnes of bulk silver/gold concentrate and 16.59 tonnes of gravity concentrate from its San Gonzalo Mine, and recognized revenues of \$19,082,847 on the sale of 4,580 tonnes of bulk silver/gold concentrate for a gross profit of \$8,121,153. Metal prices for revenues recognized during the year ended December 31, 2015, weighted by dollar of revenue recognized, averaged US\$15.46 per ounce of silver and US\$1,148 per ounce of gold. The decrease in revenue compared to 2014 is attributable to a decrease of approximately 19% and 9% in the average realized prices of silver and gold sold, respectively.

Operating and administrative expenses

Operating and administrative expenses include management, consulting, and director fees, salaries, office expenses, investor relations, travel, and promotion as well as share-based payments and were \$4,256,672 for the year ended December 31, 2015 compared to \$4,019,378 for the year ended December 31, 2014, an increase of \$237,294. While operating and administrative expenses were relatively consistent with the previous year, they are generally subject to indirect fluctuation with mine operating income due to infrequent events such as share-based payments.

Earnings for the year

The earnings for the year ended December 31, 2015 were \$483,424 compared to \$2,514,169 for the year ended December 31, 2014, a decrease of \$2,030,745. Net income was lower in 2015, primarily due to a foreign exchange loss in 2015 compared to a foreign exchange gain in 2014 and the fair value adjustment on the warrant liability. Income before tax was \$2,943,028; however, this was reduced by current income tax expense of \$3,587,796 less a non-cash deferred income tax recovery of \$1,128,192. During 2014, the Company utilized the balance of its non-capital tax loss carry forwards in Mexico, and did not have any tax losses to set-off current tax expenses for 2015.

Twelve months ended December 31, 2014 compared with the twelve months ended December 31, 2013

Revenues

Revenues for the year ended December 31, 2014 were \$19,297,953. Revenues relate to the sale of silver and gold bulk concentrate produced from the San Gonzalo Mine and from processing Avino stockpiles. Revenues for the comparable year were \$16,094,701. The increase in revenues of \$3,203,252 in the current year can be attributed to higher grades at San Gonzalo and a significant increase in tonnes processed and sold from the historical stockpiles. During the year ended December 31, 2014 for the Avino property, the Company produced 4,264 tonnes of bulk silver/gold/copper concentrate and recognized revenues of \$19,297,953 on the sale of 3,129 tonnes of bulk silver/gold concentrate for a gross profit of \$7,904,549. Metal prices for revenues recognized during the year ended December 31, 2014, weighted by dollar of revenue recognized, averaged US\$19.04 per ounce of silver and US\$1,266 per ounce of gold. The increase in revenue compared to 2013 is attributable to an increase of approximately 20% in the volume of minerals sold (primarily due to improved grades), a weighted-average decrease of approximately 11% in the average realized prices of the minerals sold, and a strengthening of the U.S. dollar against the Canadian dollar and Mexican peso.

Operating and administrative expenses

Operating and administrative expenses include management, consulting, and director fees, salaries, office expenses, investor relations, travel, and promotion as well as share-based payments and were \$4,019,378 for the year ended December 31, 2014 compared to \$4,194,678 for the year ended December 31, 2013, a decrease of

\$175,300. While operating and administrative expenses were relatively consistent with the previous year, they are generally subject to indirect fluctuation with mine operating income due to infrequent events such as share-based payments.

Earnings for the year

The earnings for the year ended December 31, 2014 were \$2,514,169 compared to \$848,212 for the year ended December 31, 2013, an increase of \$1,665,957. Net income was higher in 2014, primarily due to higher revenues as described above and the fair value adjustment on the warrant liability. Income before tax was \$4,881,915; however, this was reduced by current income tax expense of \$1,820,970 and non-cash deferred income tax expense of \$546,776. During 2014, the Company utilized the balance of its non-capital tax loss carry forwards in Mexico.

B. Liquidity and capital resources

The Company's ability to generate sufficient amounts of cash and cash equivalents, in both the short term and the long term, to maintain existing capacity and to fund ongoing exploration is dependent upon the discovery of economically recoverable reserves or resources and the ability of the Company to obtain the financing necessary to generate and sustain profitable operations.

Management expects that the Company's ongoing liquidity requirements will be funded from cash and cash equivalents generated from current operations and from further financing as required in order to fund ongoing exploration activities and meet its objectives, including ongoing advancement at the Avino Mine. The Company continues to evaluate financing opportunities to advance its projects. The Company's ability to secure adequate financing is in part dependent on overall market conditions, the prices of silver, gold, and copper, and other factors outside the Company's control, and there is no guarantee the Company will be able to secure any or all necessary financing in the future.

Since July 2014, the Company received gross proceeds of US\$2,245,036 in connection with a brokered at-the-market offering issued under prospectus supplements. The Company intends to use the proceeds to advance the exploration of the Bralorne Mine property and the Avino property, and for working capital.

In December 2014, we renewed our master credit facility with Caterpillar Finance for US\$5,375,400 in order to acquire equipment necessary for advancing extracting and processing activities at the San Gonzalo Mine and for continuing exploration activities at the Avino Mine. As of May 5, 2015, we had US\$1,959,386 in available credit remaining under this facility.

In May 2015, the Company entered into a master credit facility with Sandvik Customer Finance LLC for US\$5,000,000. The facility is being used to acquire equipment necessary for continuing exploration activities at the Avino and Bralorne Mines.

In July 2015, the Company entered into a term facility agreement with Samsung C&T U.K. Limited for US\$10,000,000. The facility will be used for mining equipment, to optimize the advancement of the Company's projects for increased productivity, for improvements to its tailings impoundment facilities, and for general working capital requirements.

Discussion and analysis relating to our liquidity as at December 31, 2015 and December 31, 2014 is as follows:

Statement of Financial Position	December 31, 2015	December 31, 2014
Cash and cash equivalents	\$ 7,475,134	\$ 4,249,794
Working Capital	6,003,557	6,617,877
Accumulated Deficit	25,406,432	25,924,356

Cash and cash equivalents comprise cash at banks and on hand, and short-term deposits with an original maturity of three months or less which are readily convertible into a known amount of cash.

At December 31, 2015, \$991,565 of the \$7,475,134 of cash and cash equivalents was held by our Mexican subsidiaries. If these funds were needed for our operations in Canada, we would be required to accrue and pay

Canadian taxes (to the extent we no longer had Canadian tax loss carryforwards available) to repatriate these funds. However, our intent is to permanently reinvest these funds back into our Mexican subsidiaries and our current plans do not demonstrate a need to repatriate them to fund our Canadian operations.

Cash Flow	December 31, 2015	December 31, 2014
Cash generated by operating activities	\$ (2,622,111)	\$ 2,855,957
Cash generated (used) by financing activities	14,452,849	11,305,179
Cash used by investing activities	(8,885,687)	(13,804,382)
Increase (decrease) in cash and cash equivalents	2,945,051	356,754
Effect of exchange rate changes on cash and cash equivalents	280,289	53,445
Cash and cash equivalents, beginning of the year	4,249,794	3,839,595
Cash and cash equivalents, end of year	\$ 7,475,134	\$ 4,249,794

Operating Activities

Cash used in operating activities for the year ended December 31, 2015, was \$2,622,111 compared to cash generated by operating activities of \$2,855,957 for the year ended December 31, 2014. Cash generated or used by operating activities can fluctuate with changes in net income, non-cash items, such as foreign exchange and deferred income tax expenses, and working capital.

Financing Activities

Cash generated by financing activities was \$14,452,849 for the year ended December 31, 2015, compared to \$11,305,179 in the year ended December 31, 2014, an increase of \$3,147,670. Cash provided by financing activities for the year ended December 31, 2015, relates to the issuance of common shares and units in a brokered at-the-market offering issued under prospectus supplements and the issuance of common shares upon the exercise of stock options. The Company also received \$13,840,000 (US\$10,000,000) under a term facility for concentrate to be shipped over a 24-month period. During the year ended December 31, 2015, the Company issued common shares and units in a brokered at-the-market offerings generating net cash flows of \$1,445,799 (2014 – \$11,940,920), and employees, consultants, and directors exercised stock options generating cash flows of \$937,740 (2014 – \$307,937). During the year ended December 31, 2015, the Company also made finance lease and equipment loan payments of \$1,780,478 (2014 - \$943,678).

Investing Activities

Cash used in investing activities for the year ended December 31, 2015, was \$8,885,687 compared to \$13,804,382 for the year ended December 31, 2014. Cash used in investing activities during the year ended December 31, 2015, includes cash expenditures of \$5,108,935 (2014 - \$5,472,774) on the acquisition of property and equipment. Equipment purchases included new mining, milling/processing, and transportation equipment for the Company's San Gonzalo Mine and exploration equipment for the Avino Mine and Bralorne Mine properties. During the year ended December 31, 2015, the Company also incurred cash expenditures of \$26,052,048 (2014 - \$11,853,024) on exploration and evaluation activities, of which \$20,750,523 relate to the exploration and advancement of the Avino Mine and \$5,301,525 relate to the exploration of the Bralorne Mine. The cash expenditures on exploration and evaluation activities were reduced by concentrate sales of \$21,501,272 (2014 - \$2,510,304) for the Avino Mine and \$774,024 (2014 - \$918,320) for the Bralorne Mine.

C. *Research and development, patents and licenses, etc.*

As the Company is a mineral exploration company with no research and development, the information required by this section is not applicable.

D. *Trend information*

As at the time of filing this Annual Report and as otherwise disclosed in this Annual Report, the Company is not aware of any specific trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's net sales or revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause reported financial information not necessarily to be indicative of future operating results or financial condition. Many factors that are beyond the control of the Company can affect the Company's operations, including, but not limited to, the price of minerals, the economy on a global scale, land and

exploration permitting, and the appeal of investments in mining companies. The appeal of mining companies as investment alternatives could affect the liquidity of the Company and thus future exploration and evaluation, extracting and processing activities, and financial conditions of the Company. Other factors such as retaining qualified mining personnel and contractor availability and costs could also impact the Company's operations.

E. Off-balance sheet arrangements

The Company has no off-balance sheet arrangements.

F. Tabular disclosure of contractual obligations

As at December 31, 2015, the Company had the following contractual obligations:

	<i>Payment due by period</i>				
	<i>Total</i>	<i><1 year</i>	<i>1-3 Years</i>	<i>3-5 Years</i>	<i>More than 5 years</i>
<i>Trade payables and other payables</i>	\$4,178,571	\$4,178,571	\$ -	\$ -	\$ -
<i>Taxes payable</i>	1,151,224	1,151,224	-	-	-
<i>Due to related parties</i>	217,822	217,822	-	-	-
<i>Minimum rental and lease payments</i>	1,002,255	209,063	445,614	303,627	43,951
<i>Term facility</i>	13,840,000	6,458,660	7,381,340	-	-
<i>Equipment loan</i>	1,045,982	261,386	524,000	260,596	-
<i>Finance lease obligations</i>	4,424,951	1,960,845	2,066,171	397,935	-
Total	\$25,860,805	\$14,437,571	\$10,417,125	\$962,158	\$43,951

G. Safe harbor

Certain statements in this Annual Report, including those appearing under this Item 5, constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Additionally, forward-looking statements may be made orally or in press releases, conferences, reports, on our website or otherwise, in the future, by us or on our behalf. Such statements are generally identifiable by the terminology used such as "plans", "expects", "estimates", "budgets", "intends", "anticipates", "believes", "projects", "indicates", "targets", "objective", "could", "may", or other similar words.

The forward-looking statements are subject to known and unknown risks and uncertainties and other factors that may cause actual results, levels of activity and achievements to differ materially from those expressed or implied by such statements. Such factors include, among others: market prices for metals; the results of exploration and evaluation drilling and related activities; economic conditions in the countries and provinces in which we carry on business, especially economic slowdown; actions by governmental authorities including increases in taxes, changes in environmental and other regulations, and renegotiations of contracts; political uncertainty, including actions by insurgent groups or other conflict; the negotiation and closing of material contracts; and the other factors discussed in Item 3.D.: Key Information – Risk factors, and in other documents that we file with the SEC. The impact of any one factor on a particular forward-looking statement is not determinable with certainty as such factors are interdependent upon other factors; our course of action would depend upon our assessment of the future considering all information then available. In that regard, any statements as to future levels of extracting and processing resources; capital expenditures; the allocation of capital expenditures to exploration and evaluation activities; sources of funding of our capital program; drilling; expenditures and allowances relating to environmental matters; dates by which certain areas will be available for extraction and processing or will come on-stream; expected exploration and evaluation costs; future rates of extracting and processing resources; ultimate recoverability of reserves; dates by which transactions are expected to close; cash flows; uses of cash flows; collectability of receivables; availability of trade credit; expected operating costs; expenditures and allowances relating to environmental matters; debt levels; and changes in any of the foregoing are forward-looking statements, and there can be no assurances that the expectations conveyed by such forward-looking statements will, in fact, be

realized.

Although we believe that the expectations conveyed by the forward-looking statements are reasonable based on information available to us on the date such forward-looking statements were made, no assurances can be given as to future results, levels of activity, achievements or financial condition.

Readers should not place undue reliance on any forward-looking statement and should recognize that the statements are predictions of future results, which may not occur as anticipated. Actual results could differ materially from those anticipated in the forward-looking statements and from historical results, due to the risks and uncertainties described above, as well as others not now anticipated. The foregoing statements are not exclusive and further information concerning us, including factors that could materially affect our financial results, may emerge from time to time. We do not intend to update forward-looking statements to reflect actual results or changes in factors or assumptions affecting such forward-looking statements.

Item 6. Directors, Senior Management and Employees

A. Directors and senior management

The following is a list of the Company's directors and senior management as at April 7, 2016. The directors are elected for a term of one year at the annual meeting of shareholders. This year's annual meeting will be held on May 27, 2016.

<u>Name and Present Position with the Company</u>	<u>Principal Occupation</u>	<u>Director/Officer Since</u>
Michael Baybak Director	Business Consultant; Principal of Michael Baybak & Co. Inc. – marketing and communications	June 1990
Gary Robertson Director	Certified Financial Planner. Director of Coral Gold Resources Ltd., Levon Resources Ltd., and Sage Gold Inc.	August 2005
David Wolfin Director/President/CEO	President and CEO of Avino Silver & Gold Mines Ltd. Director and VP Finance of Berkley Renewables Inc. President and Director of Coral Gold Resources Ltd. and Gray Rock Resources Ltd. and Director of Great Thunder Gold Corp. and Cresval Capital Corp.	October 1995
Ross Glanville Director	Mining Consultant; Professional Engineer. Director of Archon Minerals Limited. Baja Mining Corp., and Silver Crest Metals	December 2014
Jasman Yee Director	Professional Engineer and Metallurgist	January 2011
José Carlos Rodríguez Moreno Chief Operating Officer	Geology Professional	December 2012
Dorothy Chin Corporate Secretary	Corporate Secretary of Avino Silver & Gold Mines Ltd. and Gray Rock Resources Ltd.	September 2008
Malcolm Davidson Chief Financial Officer	Chartered Accountant, Chief Financial Officer of Avino Silver & Gold Mines Ltd; also Chief Financial Officer of Coral Gold Resources Ltd., Gray Rock Resources Ltd., and Avaron Mining Corporation	March 2012

B. Compensation

During the last completed fiscal year of the Company, the Company had three executive officers, namely, David Wolfin, Chief Executive Officer; Malcolm Davidson, Chief Financial Officer, and José Carlos Rodríguez Moreno, Chief Operating Officer.

1) Compensation Discussion and Analysis

The Company does not have a compensation program other than paying base salaries, incentive bonuses, and incentive stock options to its executive officers. The Company recognizes the need to provide compensation package that will attract and retain qualified and experienced executives, as well as align the compensation level of each executive to that executive's level of responsibility. The three components of the compensation package are included to enable the Company to meet different objectives. The objectives of base salary are to recognize market pay, and acknowledge the competencies and skills of individuals. The objective of incentive bonuses (paid in the form of cash payments) is to add a variable component of compensation to recognize corporate and individual performances for executive officers and employees. The objectives of stock option awards are to reward achievement of long-term financial and operating performance and focus on key activities and achievements critical to the ongoing success of the Company. Implementation of new incentive stock option plans and amendments to the existing stock option plan are the responsibility of the Company's Compensation Committee.

The compensation of the executive officers is reviewed and recommended for Board approval by the Company's Compensation Committee. Although the Board has not formally evaluated the risks associated with the Company's compensation policies and practices, the Board has no reason to believe that any risks that arise from the Company's compensation policies and practices are reasonably likely to have a material impact on the Company.

The members of the Compensation Committee are Ross Glanville (Chair), Michael Baybak, Jasman Yee and Gary Robertson, all of whom are independent, except for Jasman Yee, applying the definition set out in Section 1.4 of NI 52-110 since he provided consulting services to the Company. See "*Corporate Governance – Compensation Committee*" for a discussion of the role and responsibilities of the Compensation Committee. Mr. Yee is, however, deemed, an independent director under the rules of the NYSE MKT.

The general objectives of the Company's compensation strategy are to:

- (a) compensate management in a manner that encourages and rewards a high level of performance and outstanding results with a view to increasing long term shareholder value;
- (b) align management's interests with the long term interests of shareholders;
- (c) provide a compensation package that is commensurate with other comparable companies to enable the Company to attract and retain talent; and
- (d) ensure that the total compensation package is designed in a manner that takes into account the Company's present stage of exploration, evaluation, extraction, and processing activities and its available financial resources. The Company's compensation packages have been designed to provide a blend of a non-cash stock option component and a reasonable salary. In addition, extraordinary efforts which enhance shareholder value are rewarded with cash bonuses.

Other than discussed above, the Company has no other forms of compensation. Payments may be made from time to time to individuals or companies that they control for the provision of consulting services which may be deemed a form of compensation. Such consulting services are paid for by the Company at competitive industry rates for work of a similar nature by reputable arm's length services providers.

Actual compensation will vary based on the performance of the executives relative to the achievement of goals and the price of the Company's securities.

Compensation Element	Description	Compensation Objectives
Annual Base Salary	Salary is market-competitive, fixed level of compensation	Retain qualified leaders, motivate strong business performance.
Incentive Bonuses	Discretionary cash payment	Reward individual performance in achieving corporate goals
Incentive Stock Option	Equity grants are made in the form of stock options. The amount of grant will be dependent on individual and corporate performance.	Reward long-term financial and operating performance and align interests of key employees with those of shareholders

The Company relies on the discretion and judgment of the directors in establishing and amending contracts for all forms of compensation, including stock options to be granted to the CEO and the directors, and for reviewing the CEO's recommendations respecting compensation of the other officers of the Company, to ensure such arrangements reflect the responsibilities and risks associated with each position. There is no formal process using objectives, criteria, or analysis, for determining compensation. When determining the compensation of its officers, the Compensation Committee and the Board are guided by the general objectives of the Company's compensation strategy as set out above.

2) Summary Compensation Table

The following table sets forth particulars concerning the compensation paid or accrued for services rendered to the Company in all capacities during the most recently completed financial year ended December 31, 2015 of the Company to its executive officers:

Name and principal position	Year	Salary (\$)	Share-based awards (\$) ⁽¹⁾	Option-based awards (\$) ⁽²⁾	Non-equity incentive plan compensation (\$) ⁽³⁾	Pension value (\$) ⁽⁴⁾	All other compensation (\$) ⁽⁵⁾	Total compensation (\$)
David Wolfin ⁽⁶⁾ President, CEO and Director	2015	275,000	NIL	NIL	NIL	NIL	518,200	793,200
	2014	233,333	NIL	108,000	NIL	NIL	200,000	541,333
	2013	150,000	NIL	30,900	NIL	NIL	150,000	330,900
Malcolm Davidson CFO	2015	165,159	NIL	NIL	NIL	NIL	9,690	174,849
	2014	133,194	NIL	54,000	NIL	NIL	15,000	202,194
	2013	82,174	NIL	55,650	NIL	NIL	5,000	142,824
José Carlos Rodríguez Moreno COO ⁽⁷⁾	2015	225,444	NIL	NIL	NIL	NIL	52,000	277,444
	2014	166,200	NIL	54,000	NIL	NIL	35,285	255,484
	2013	153,813	NIL	55,650	NIL	NIL	49,095	258,558

¹ The Company does not currently have any share-based award plans.

² The methodology used to calculate the grant-date fair value is based on the Black-Scholes Option Pricing Model. There were a total of 50,000 new option-based awards issued during the year and the fair value was estimated using the following weighted-average assumptions: risk-free interest rate of 0.781%, expected dividend yield of 0%, expected option life of 5 years, and expected share price volatility of 65.10%.

³ The Company does not have a non-equity incentive plan

⁴ The Company does not have any pension plans.

⁵ Discretionary cash payment of incentive bonuses.

⁶ On June 24, 2010, Mr. David Wolfin was appointed CEO. Mr. Wolfin's salary was paid to Intermark Capital Corp., a private BC corporation controlled by Mr. Wolfin.

⁷ Mr. Rodríguez receives his base salary and bonuses in Mexican Pesos ("MXP"). For 2015, Mr. Rodríguez' base salary of MXP2,795,806 and bonuses of CDN\$52,000. For 2014, Mr. Rodríguez' base salary of MXP2,001,360 and bonuses of MXP424,893 were translated into Canadian dollars by applying an exchange rate of 1MXP = CDN\$0.0830.

Annual Base Salary

Base Salary for the executive officers is determined by the Board based upon the recommendation of the Compensation Committee and its recommendations are reached primarily by informal comparison of the remuneration paid by other reporting issuers similar in size and within the industry and review of other publicly available information on remuneration that the Compensation Committee feels is suitable.

The Annual Base Salary paid to the executive officers is, for the purpose of establishing appropriate increases, reviewed annually by the Board upon the recommendation of the Compensation Committee as part of the annual review of executive officers. The decision on whether to grant an increase to the executive's base salary and the amount of any such increase is in the sole discretion of the Board and Compensation Committee.

Non-Equity Incentive Plan Compensation

One of the three components of the Company's compensation package is a discretionary annual cash bonus, paid to recognize individual performance in attaining corporate goals and objectives. The Company does not have a long-term incentive plan.

Option Based Award

An Option Based Award is in the form of the grant of an incentive stock option. The objective of the incentive stock option is to reward executive officers, employees and directors' individual performance at the discretion of the Board upon the recommendation of the Compensation Committee.

The Company currently maintains a formal stock option plan (the "Plan"), under which stock options have been granted and may be granted to purchase a number equal to up to 10% of the Company's issued capital from time to time. For details of the Plan please refer to "Particulars of Matters to be Act Upon" in the Information Circular.

The Plan is administered by the Compensation Committee. The process the Company uses to grant option-based awards is upon the recommendations of the Compensation Committee.

The role of the Compensation Committee is to recommend to the Board the compensation of the Company's directors and the executive officers which the Committee feels is suitable. All previous grants of option-based awards are taken into account when considering new grants.

3) Incentive Plan Awards

Outstanding share-based awards and option-based awards

The following table sets forth the options granted to the executive officers to purchase or acquire securities of the Company outstanding at December 31, 2015:

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ¹	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
David Wolfen President, CEO and Director	360,000	\$1.02	Sept 30, 2016	\$79,200	Nil	Nil	Nil
	30,000	\$1.62	Sept 9, 2018	Nil	Nil	Nil	Nil
	100,000	\$1.90	Sept 19, 2019	Nil	Nil	Nil	Nil
Malcolm Davidson CFO	40,000	\$1.02	Sept 30, 2016	\$8,800	Nil	Nil	Nil
	25,000	\$1.60	Feb 18, 2018	Nil	Nil	Nil	Nil
	30,000	\$1.62	Sept 9, 2018	Nil	Nil	Nil	Nil
	50,000	\$1.90	Sept 19, 2019	Nil	Nil	Nil	Nil
José Carlos Rodríguez Moreno COO	30,000	\$1.02	Sept 30, 2016	\$6,600	Nil	Nil	Nil
	25,000	\$1.60	Feb 18, 2018	Nil	Nil	Nil	Nil
	30,000	\$1.62	Sept 9, 2018	Nil	Nil	Nil	Nil
	50,000	\$1.90	Sept 19, 2019	Nil	Nil	Nil	Nil

¹ In-the-Money Options are the difference between the market value of the underlying securities at December 31, 2015 and the exercise price of the option. The closing market price for the Company's common shares as at December 31, 2015 was \$1.24 per common share.

Incentive plan awards – value vested or earned during the year

An “incentive plan” is any plan providing compensation that depends on achieving certain performance goals or similar conditions within a specific period. An “incentive plan award” means compensation awarded, earned, paid or payable under an incentive plan.

The following table sets forth the value vested or earned during the year of option-based awards, share-based awards and non-equity incentive plan compensation paid to executive officers during the most recently completed financial year ended December 31, 2015:

Name	Option-based awards – Value vested during the year (\$) ⁽¹⁾	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
David Wolfen President, CEO and Director	Nil	Nil	Nil
Malcolm Davidson CFO	Nil	Nil	Nil
José Carlos Rodríguez Moreno COO	Nil	Nil	Nil

(1) The aggregate dollar value that would have been realized if the options granted during the year had been exercised on the vesting date.

4) Pension Plan Benefits

No pension plan or retirement benefit plans have been instituted by the Company and none are proposed at this time.

Use of Financial Instruments

The Company does not have in place policies which restrict the ability of directors or executive officers to purchase financial instruments, such as prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by a director or executive officers. Any such purchases would be subject to applicable insider reporting requirements.

5) Termination and Change of Control Benefits

On January 1, 2013, the Company entered into a consulting agreement with Intermark Capital Corporation, a company owned by David Wolfen, and on March 1, 2014 the Company further amended the consulting agreement which contains certain provisions in connection with termination of employment or change of control.

This Agreement can be terminated at any time as follows:

- (a) by the Consultant electing to give the Company not less than 3 months prior notice of such termination;
- (b) by the Company electing to give the Consultant 3 months prior notice of such termination along with a termination payment equal to the annual Consulting Fee; and
- (c) by the Consultant electing to give the Company notice, in the event that there occurs a Change of Control (as defined below) within six (6) months of the effective date of such Change of Control, and if the Consultant so elects to terminate this Agreement, then the Consultant will be immediately entitled to a termination payment equal to CDN\$2 million.

On January 1, 2014, the Company entered into an employment agreement with Malcolm Davidson, the named executive officer of the Company. The agreement contains certain provisions in connection with termination of employment or change of control.

This Agreement may be terminated at any time as follows:

- (a) by the Executive electing to give the Company not less than 1 month's prior notice of such termination for which Executive will be paid his salary, accrued bonuses, if any, and vacation earned and other amounts due to him up to the termination date;
- (b) by the Company upon 1 month's prior notice of such termination along with a termination payment equal to the Executive's salary and accrued bonus earned during the preceding 12 months prior to the month notice of termination was given, plus any accrued vacation and other amounts due to him up to the termination date; or
- (c) (1) by the Executive electing to give the Company notice, in the event that there occurs a Change of Control (as defined below) within 6 months of the effective date of such Change of Control, and if the Executive so elects to terminate this Agreement, or (2) by the Company upon notice to the Executive within 3 months prior to or within 6 months after a Change of Control is announced by the Company, then the Executive will be entitled receive on the date of termination a termination payment equal to 3 times the Executive's salary and accrued bonus earned during the preceding 12 months prior to the month notice of termination was given, plus any accrued vacation and other amounts due to him up to the termination date.

On July 1, 2013, the Company entered into an employment agreement with José Carlos Rodríguez Moreno, the named executive officer of the Company. The employment agreement was further amended on April 14, 2014.

- (a) by the Employee electing to give the Employer not less than 3 months prior notice of such termination;
- (b) by the Employer electing to give the Employee 3 months prior notice of such termination along with a termination payment equal to the sum of Employee's Fee earned pursuant to Section TEN during the preceding 12 months prior to the month notice of termination was given plus any unpaid vacation and other amounts due to him up to the termination; and
- (c) (1) by the Employee electing to give the Employer notice, in the event that there occurs a Change of Control (as defined below) within 6 months of the effective date of such Change of Control, and if the Employee so elects to terminate this Agreement, or (2) by the Employer upon notice to the Employee within 3 months prior to or within 6 months after a Change of Control is announced by the Employer, or its parent, then the Employer will be entitled to a termination payment equal to 3 times the sum of Employee's Fee earned pursuant to Section Ten of the employment agreement during the preceding 12 months prior to the month notice of termination was given, plus any accrued vacation and other amounts due to him up to the termination.

A Change of Control shall be deemed to have occurred when:

- (i) any person, entity or group becomes the beneficial owner of 20% or more of the combined voting power of the Company's then outstanding voting securities entitled to vote generally in the election of directors, and such person, entity or group uses such effective voting control to change a majority of the Board of Directors of the Company, either all at once or through any series of elections and appointments when considered together; or
- (ii) completion of the sale or other disposition by the Company of all or substantially all of the Company's assets or a reorganization or merger or consolidation of the Company with any other entity or corporation, other than:
 - (A) a reorganization or merger or consolidation that would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent, either by remaining outstanding or by being converted into voting securities of another entity, more than 50.1% of the combined voting power of the voting securities of the Company or such other entity outstanding immediately after such reorganization or merger or consolidation; or
 - (B) a reorganization or merger or consolidation effected to implement a recapitalization or reincorporation of the Company (or similar transaction) that does not result in a material change in beneficial ownership of the voting securities of the Company or its successor.

6) Director Compensation

The following table sets forth the value of all compensation paid to the directors, excluding Mr. Wolfen who is paid as an officer and not as a director, in their capacity as directors for the year ended December 31, 2015:

Name	Fees earned (\$)	Share-based awards ¹ (\$)	Option-based awards ² (\$)	Non-equity incentive plan compensation ³ (\$)	Pension value ⁴ (\$)	All other compensation (\$)	Total (\$)
Michael Baybak*	36,500	Nil	Nil	Nil	Nil	Nil	36,500
Gary Robertson*	58,500	Nil	Nil	Nil	Nil	Nil	58,500
Jasman Yee	208,640	Nil	Nil	Nil	Nil	Nil	208,640
Ross Glanville*	36,500	Nil	Nil	Nil	Nil	Nil	36,500

*Independent and Non-Employee Directors

¹ The Company does not currently have any share-based award plans.

² The methodology used to calculate the grant-date fair value is based on the Black-Scholes Option Pricing Model. There were a total of 50,000 new option-based awards issued during the year and the fair value was estimated using the following weighted-average assumptions: risk-free interest rate of 0.78%, expected dividend yield of 0%, expected option life of 5 years, and expected share price volatility of 65.10%.

³ The Company does not have a non-equity incentive plan

⁴ The Company does not have any pension plans.

No director of the Company who is not a Named Executive Officer has received, during the most recently completed financial year, compensation pursuant to:

- (a) any standard arrangement for the compensation of directors for their services in their capacity as Directors, including any additional amounts payable for committee participation or special assignments;
- (b) any other arrangement, in addition to, or in lieu of, any standard arrangement, for the compensation of Directors in their capacity as Directors except for the granting of stock options; or
- (c) any arrangement for the compensation of directors for services as consultants or experts.

The Company may grant incentive stock options to Directors of the Company from time to time pursuant to the stock option plan of the Company and in accordance with the policies of the TSX Venture Exchange (the "TSX-V").

Outstanding share-based awards and option-based awards

The following table sets forth the options granted to the directors to purchase or acquire securities of the Company outstanding at December 31, 2015:

Name ⁽¹⁾	Option-based Awards				Number of shares or units of shares that have not vested (#)	Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽²⁾		Market or payout value of share-based awards that have not vested (\$)	Market or payout value of share-based awards not paid out or distributed (\$)
Michael Baybak	100,000	\$1.02	Jan 18, 2016	\$22,000	Nil	Nil	Nil
	40,000	\$1.02	Sept 30, 2016	\$8,800	Nil	Nil	Nil
	25,000	\$1.60	Feb 18, 2018	Nil	Nil	Nil	Nil
	30,000	\$1.62	Sept 9, 2018	Nil	Nil	Nil	Nil
	75,000	\$1.90	Sept 19, 2019	Nil	Nil	Nil	Nil
Gary Robertson	50,000	\$1.02	Jan 18, 2016	\$11,000	Nil	Nil	Nil
	60,000	\$1.02	Sept 30, 2016	\$13,200	Nil	Nil	Nil
	25,000	\$1.60	Feb 18, 2018	Nil	Nil	Nil	Nil
	30,000	\$1.62	Sept 9, 2018	Nil	Nil	Nil	Nil
	75,000	\$1.90	Sept 19, 2019	Nil	Nil	Nil	Nil
Jasman Yee	60,000	\$1.02	Sept 30, 2016	\$13,200	Nil	Nil	Nil
	25,000	\$1.60	Feb 18, 2018	Nil	Nil	Nil	Nil
	30,000	\$1.62	Sept 9, 2018	Nil	Nil	Nil	Nil
	75,000	\$1.90	Sept 19, 2019	Nil	Nil	Nil	Nil
Ross Glanville	75,000	\$1.90	Sept 19, 2019	Nil	Nil	Nil	Nil

(1) For the compensation of David Wolfen, the named executive officer of the Company, see “Incentive Plan Awards” above.

(2) The in-the-money option value is the difference between the market value of the underlying securities as at December 31, 2015 and the exercise price of the option. The closing market price of the Company’s common shares as at December 31, 2015 was \$1.24 per common share.

Incentive plan awards – value vested or earned during the year

An “incentive plan” is any plan providing compensation that depends on achieving certain performance goals or similar conditions within a specific period. An “incentive plan award” means compensation awarded, earned, paid or payable under an incentive plan.

The following table sets forth the value vested or earned during the year of option-based awards, share-based awards and non-equity incentive plan compensation paid to directors during the year ended December 31, 2015:

Name ⁽¹⁾	Option-based awards – Value vested during the year (\$) ⁽²⁾	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Michael Baybak	Nil	Nil	Nil
Gary Robertson	Nil	Nil	Nil
Jasman Yee	Nil	Nil	Nil
Ross Glanville	Nil	Nil	Nil

(1) For the compensation of David Wolfen, the named executive officer of the Company, see “Incentive Plan Awards” above.

(2) The aggregate dollar value that would have been realized if the options granted during the year had been exercised on the vesting date.

Termination of Employment, Changes in Responsibilities and Employment Contracts

On January 1, 2013, the Company entered into a consulting agreement with Intermark Capital Corporation, a company wholly owned by David Wolfin, the named executive officer of the Company. The consulting agreement was further amended on March 1, 2014.

On January 1, 2014, the Company entered into an employment agreement with Malcolm Davidson, the named executive officer of the Company.

On July 1, 2013, the Company entered into an employment agreement with José Carlos Rodríguez Moreno, the named executive officer of the Company. The employment agreement was further amended on April 14, 2014.

Please see “*Termination and Change of Control Benefits*” above for details.

C. Board practices

The Board is currently comprised of five directors. The size and experience of the Board is important for providing the Company with effective governance in the mining industry. The Board’s mandate and responsibilities can be effectively and efficiently administered at its current size. The Board has functioned, and is of the view that it can continue to function, independently of management as required. Directors are elected for a term of one year at the annual general meeting. At the Annual General and Special Meeting, held on June 9, 2015, the shareholders elected Messrs. Michael Baybak, Gary Robertson, David Wolfin, Jasman Yee and Ross Glanville as directors of the Company.

The Board has considered the relationship of each director to the Company and currently considers three of the five directors to be “unrelated” (Messrs. Baybak, Robertson, and Glanville). “Unrelated director” means a director who is independent of management and free from any interest and any business or other relationship which could reasonably be perceived to materially interfere with the director’s ability to act with a view to the best interest of the Company, other than interests and relationships arising solely from shareholdings.

Procedures are in place to allow the Board to function independently. At the present time, the Board has experienced directors that have made a significant contribution to the Company’s success, and are satisfied that it is not constrained in its access to information, in its deliberations or in its ability to satisfy the mandate established by law to supervise the business and affairs of the Company. Committees meet independent of management and other directors.

Mandate of the Board of Directors, its Committees and Management

The role of the Board is to oversee the conduct of the Company’s business, including the supervision of management, and determining the Company’s strategy. Management is responsible for the Company’s day to day operations, including proposing its strategic direction and presenting budgets and business plans to the Board for consideration and approval. The strategic plan takes into account, among other things, the opportunities and risks of the Company’s business. Management provides the Board with periodic assessments as to those risks and the implementation of the Company’s systems to manage those risks. The Board reviews the personnel needs of the Company from time to time, having particular regard to succession issues relating to senior management. Management is responsible for the training and development of personnel. The Board assesses how effectively the Company communicates with shareholders, but has not adopted a formal communications policy. Through the Audit Committee, and in conjunction with its auditors, the Board assesses the adequacy of the Company’s internal control and management information systems. The Board looks to management to keep it informed of all significant developments relating to or affecting the Company’s operations. Major financings, acquisitions, dispositions and investments are subject to board approval. A formal Code of Ethics (“Code”) has been adopted and applies to all directors, officers and employees. The Board meets on at least a quarterly basis and following the annual meeting of shareholders. The frequency of the meetings and nature of the meeting agendas are dependent on the nature of the business and affairs which the Company faces from time to time. During the year ended December 31, 2015, the Board met nine times.

To facilitate the functioning of the Board independently of management, the Audit Committee, Compensation Committee and Governance and Nominating Committee consist of majority independent directors. When appropriate, members of management are not present for the discussion and determination of certain matters

at meetings of the Board. The independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance.

The Board and committees may take action at these meetings or at a meeting by conference call or by written consent.

Committees

Audit Committee

The Audit Committee assists the Board in its oversight of the Company's financial statements and other related public disclosures, the Company's compliance with legal and regulatory requirements relating to financial reporting, the external auditors, qualifications and independence and the performance of the internal audit function and the external auditors. The Audit Committee has direct communications channels with the Company's auditors. The Audit Committee reviews the Company's financial statements and related management's discussion and analysis of financial and operating results. The Audit Committee can retain legal, accounting or other advisors.

The Audit Committee currently consists of three directors, Gary Robertson, Ross Glanville and Michael Baybak, all of whom are independent. All of the members are financially literate, and have accounting or related financial expertise. "Financially literate" means the ability to read and understand a balance sheet, an income statement, and cash flow statement. "Accounting or related financial expertise" means the ability to analyze and interpret a full set of financial statements, including the notes attached thereto, in accordance with Canadian GAAP and International Financial Reporting Standards ("IFRS").

The Board has adopted a charter for the Audit Committee which is reviewed annually and sets out the role and oversight responsibilities of the Audit Committee with respect to:

- its relationship with and expectation of the external auditors, including the establishment of the independence of the external auditor and the approval of any non-audit mandates of the external auditor;
- determination of which non-audit services the external auditor is prohibited from providing;
- the engagement, evaluation, remuneration, and termination of the external auditors;
- appropriate funding for the payment of the auditor's compensation and for any advisors retained by the audit committee;
- its relationship with and expectation of the internal auditor;
- its oversight of internal control;
- disclosure of financial and related information; and
- any other matter that the audit committee feels is important to its mandate or that which the board chooses to delegate to it.

Compensation Committee

The Compensation Committee recommends to the Board the compensation of the Company's Directors, the Chief Executive Officer and other executive officers. Its recommendations are reached primarily by comparison of the remuneration paid by the Company with publicly available information on remuneration paid by other reporting issuers that the Compensation Committee feels are similarly placed within the same business of the Company.

The Compensation Committee consists of four directors, Messrs. Yee, Robertson, Glanville, and Baybak, three of whom are unrelated; Mr. Yee is not unrelated.

The charter of the Compensation Committee is available at the Company's website at www.avino.com.

Governance and Nominating Committee

The Governance and Nominating Committee review/recommend matters to the Board with respect to the governance and nominating matters. In this regard, the purpose of the Governance and Nominating Committee is to:

- i. manage the corporate governance system for the Board;
- ii. assist the Board to fulfill its duty to meet the applicable legal, regulatory and (self-regulatory) business principles and 'codes of best practice' of corporate behaviour and conduct;
- iii. assist in the creation of a corporate culture and environment of integrity and accountability;
- iv. monitor the quality of the relationship between the Board and management of the Company;
- v. review the Chief Executive Officer's succession plan;
- vi. recommend to the Board nominees for appointment of the Board;
- vii. lead the Board's annual review of the Chief Executive Officer's performance; and
- viii. annually review and set an agenda of the Board on an ongoing basis.

The Governance and Nominating Committee currently consists of three directors, Messrs. Yee, Glanville and Baybak, all who are deemed independent.

The charter of the Governance and Nominating Committee is available at the Company's website at www.avino.com.

D. Employees

As at December 31, 2015, the Company had 443 employees located in Mexico. The Company's senior management as well as administrative and corporate services are located in Canada and are contracted by the Company through their companies or through the Company's cost sharing agreement for overhead and corporate services with Oniva International Services Corp. However, because these people are hired through companies, they are not technically deemed employees of the Company.

As at December 31, 2014, the Company had 415 employees located in Mexico, and as at December 31, 2013, the Company had 133 employees located in Mexico.

E. Share ownership

The following table sets forth the share ownership of the individuals referred to in "Compensation" as of April 7, 2016:

Name of Beneficial Owner	Number of Shares	Percent
Michael Baybak	199,700	*
Gary Robertson	339,216	*
David Wolfen	920,983	2.39%
Jasman Yee	170,020	*
Ross Glanville	Nil	*
José Carlos Rodríguez Moreno	5,500	*
Malcolm Davidson	199,700	*

**Less than one percent*

Outstanding Options

The following information, as of April 7, 2016, reflects outstanding options held by the individuals referred to in “Compensation”:

	No. of Shares	Date of Grant	Exercise Price	Expiration Date
David Wolfen President, CEO and Director	360,000	Sept 30, 2011	\$1.02	Sept 30, 2016
	30,000	Sept 9, 2013	\$1.62	Sept 9, 2018
	100,000	Sept 19, 2014	\$1.90	Sept 19, 2019
Malcolm Davidson CFO	40,000	Sept 30, 2011	\$1.02	Sept 30, 2016
	25,000	Feb 18, 2013	\$1.60	Feb 18, 2018
	30,000	Sept 9, 2013	\$1.62	Sept 9, 2018
	50,000	Sept 19, 2014	\$1.90	Sept 19, 2019
José Carlos Rodríguez Moreno COO	30,000	Sept 30, 2011	\$1.02	Sept 30, 2016
	25,000	Feb 18, 2013	\$1.60	Feb 18, 2018
	30,000	Sept 9, 2013	\$1.62	Sept 9, 2018
	50,000	Sept 19, 2014	\$1.90	Sept 19, 2019
Michael Baybak Director	40,000	Sept 30, 2011	\$1.02	Sept 30, 2016
	25,000	Feb 18, 2013	\$1.60	Feb 18, 2018
	30,000	Sept 9, 2013	\$1.62	Sept 9, 2018
	75,000	Sept 19, 2014	\$1.90	Sept 19, 2019
Gary Robertson Director	25,000	Feb 18, 2013	\$1.60	Feb 18, 2018
	30,000	Sept 9, 2013	\$1.62	Sept 9, 2018
	75,000	Sept 19, 2014	\$1.90	Sept 19, 2019
Jasman Yee Director	60,000	Sept 30, 2011	\$1.02	Sept 30, 2016
	25,000	Feb 18, 2013	\$1.60	Feb 18, 2018
	30,000	Sept 9, 2013	\$1.62	Sept 9, 2018
	75,000	Sept 9, 2014	\$1.90	Sept 19, 2019
Ross Glanville	75,000	Sept 19, 2014	\$1.90	Sept.19, 2019

Item 7. Major Shareholders and Related Party Transactions

A. Major shareholders

To the knowledge of the Company, it is not directly or indirectly owned or controlled by any other corporation or by the Canadian Government, or any foreign government, or by any other natural or legal person.

As of April 7, 2016, to the knowledge of the Company, no person who owned more than five (5%) percent of the outstanding shares of each class of the Company’s voting securities, except Aegis Financial Corporation who owned 2,297,792 common shares, represent (5.97%) of the Company’s issued and outstanding shares.

As of March 31, 2016, there were 38,492,407 common shares issued and outstanding. Of those common shares issued and outstanding, 26,079,700 common shares were held by 72 shareholders whose addresses were in Canada.

B. Related party transactions

All related party transactions are recorded at the exchange amount which is the amount agreed to by the Company and the related party.

i) The Company has identified its directors and certain senior officers as its key management personnel. The compensation costs for key management personnel for the years ended December 31, 2014, 2012 and 2011 and as follows:

	December 31, 2015	December 31, 2014	December 31, 2013
Salaries, benefits, and consulting fees	\$ 1,700,364	\$ 957,900	\$ 779,571
Share-based payments	-	645,750	420,450

\$ 1,700,364	\$ 1,603,650	\$ 1,200,021
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ii) In the normal course of operations the Company transacts with companies related to Avino's directors or officers. All amounts payable are non-interest bearing and due on demand. As at December 31, 2015 and 2014 the following amounts are due to related parties:

	December 31, 2015	December 31, 2014
Directors' fees	\$ 47,741	\$ 19,259
Intermark Capital Corp.	-	21,875
Oniva International Services Corp.	164,285	171,650
Sampson Engineering Inc.	-	-
Jasman Yee & Associates, Inc.	5,796	4,032
Wear Wolfin Design	-	5,250
	<u>\$ 217,822</u>	<u>\$ 222,066</u>

iii) The Company has a cost sharing agreement to reimburse Oniva International Services Corp. ("Oniva") for its expenses and to pay Oniva a percentage fee as described in Note 20. The transactions with Oniva during the years are summarized below:

	December 31, 2015	December 31, 2014	December 31, 2013
Salaries and benefits	\$ 309,593	\$ 316,281	\$ 309,816
Office and miscellaneous	502,089	428,019	292,008
Exploration and evaluation assets	311,002		
	<u>\$ 1,122,684</u>	<u>\$ 744,300</u>	<u>\$ 601,824</u>

iv) For services provided to the Company as President and Chief Executive Officer, the Company pays Intermark Capital Corporation ("ICC"), a company controlled by David Wolfin, for consulting services. For the years ended December 31, 2015, 2014 and 2013, the Company paid \$793,200, \$433,333, and \$300,000 respectively to ICC.

The Company pays Jasman Yee & Associates, Inc. ("JYAI"), a company whose managing director is Jasman Yee, a director of the Company, for operational, managerial, metallurgical, engineering and consulting services related to the Company's activities. For the years ended December 31, 2015, 2014, and 2013, the Company paid \$176,640, \$74,160, and \$75,014, respectively to JYAI.

The Company pays Wear Wolfin Designs Ltd. ("WWD"), a company whose director is the brother-in-law of David Wolfin, President, Chief Executive Officer and a director of the Company, for financial consulting services related to ongoing consultation with stakeholders and license holders. For the years ended December 31, 2015, 2014 and 2013, the Company paid \$30,000, \$30,000, and \$30,000, respectively to WWD.

C. Interests of experts and counsel

Not Applicable.

Item 8. Financial Information

A. Consolidated Statements and Other Financial Information

See "Item 18. Financial Statements" for our Annual Audited Consolidated Financial Statements, related notes and other financial information filed with this annual report on Form 20-F.

Dividend Policy

The Company has never paid any dividends and does not intend to in the near future.

B. Significant Changes

Except as otherwise disclosed in this annual report, there have been no material changes in our financial position, operations or cash flows since December 31, 2015.

Item 9. The Offer and Listing

A. Offer and listing details

Our common shares are listed on the NYSE MKT under the symbol ASM. Prior to August 2, 2011, our common shares were quoted on the OTC Bulletin Board. Our common shares are also listed on the TSX Venture Exchange. The following sets forth the high and low prices expressed in U.S. Dollars on the NYSE MKT and in Canadian Dollars on the TSX-V for the past full six months and for each quarter for the past fiscal year.

	NYSE-MKT		TSX-V	
	(United States Dollars)		(Canadian Dollars)	
Last Six Months	High	Low	High	Low
March 2016	1.19	0.90	1.59	1.03
February 2016	1.13	0.75	1.40	1.04
January 2016	0.94	0.71	1.34	1.15
December 2015	1.00	0.83	1.36	1.19
November 2015	1.03	0.89	1.59	1.03
October 2015	1.16	0.92	1.50	1.26
For the Quarter Ended				
December 31, 2015	1.19	0.83	1.51	1.15
September 30, 2015	1.21	0.89	1.60	1.15
June 30, 2015	1.52	1.01	1.82	1.26
March 31, 2015	1.97	1.21	2.40	1.45
For the Quarter Ended				
	High	Low	High	Low
December 31, 2014	1.66	1.08	1.99	1.24
September 30, 2014	2.45	1.33	2.60	1.50
June 30, 2014	2.55	1.41	2.69	1.56
March 31, 2014	2.84	1.12	3.13	1.20
Last Five Fiscal Years				
	High	Low	High	Low
2015	1.97	0.83	2.40	1.15
2014	2.84	1.08	3.13	1.20
2013	1.90	0.75	1.95	0.71
2012	2.52	1.08	2.54	1.07
2011	3.47	1.42	2.94*	1.39*

* The Company listed on the NYSE MKT on August 2, 2011, under the symbol "ASM"

B. Plan of distribution

Not Applicable.

C. Markets

The Company's common shares are listed on the TSX-V under the symbol "ASM", on the Berlin and Frankfurt Stock Exchanges under the symbol "GV6", and on the NYSE MKT under the symbol "ASM". In September 2013, the Company's listing on the TSX-V was re-classified to Tier 1 status.

D. Selling shareholders

Not Applicable.

E. Dilution

Not Applicable.

F. Expenses of the issue

Not Applicable.

Item 10. Additional Information

A. Share capital

Not Applicable.

B. Memorandum and articles of association

Common Shares

All issued and outstanding common shares are fully paid and non-assessable. Each holder of record of common shares is entitled to one vote for each common share so held on all matters requiring a vote of shareholders, including the election of directors. The holders of common shares will be entitled to dividends on a pro-rata basis, if and when as declared by the board of directors. There are no preferences, conversion rights, pre-emptive rights, subscription rights, or restrictions or transfers attached to the common shares. In the event of liquidation, dissolution, or winding up of the Company, the holders of common shares are entitled to participate in the assets of the Company available for distribution after satisfaction of the claims of creditors. Description of Shareholder Rights Plan

Rights Plan

We have adopted a Rights Plan which became effective when it was approved and adopted by the board of directors on April 22, 2013 (the “Effective Date”), and subsequently ratified by our shareholders “Shareholders”) on June 27, 2013. The Rights Plan was designed to provide Shareholders with adequate time to properly assess the merits of a take-over bid without undue pressure. One of the purposes of the Rights Plan is to permit competing take-over bids to emerge prior to the expiration of a take-over bid. The Rights Plan is designed to give our board of directors’ time to consider alternatives in maximizing for Shareholders the full and fair value for their common shares. The Rights Plan was designed to discourage discriminatory or unfair take-over bids for us and gives the board of director time, if appropriate, to pursue alternatives to maximize value to the Shareholders, in the event of an unsolicited take-over bid to acquire control of us. The Rights Plan will encourage an offeror to proceed by way of a Permitted Bid (as defined below), or to approach the board of directors with a view to negotiation, by creating the potential for substantial dilution of the offeror’s position. The Permitted Bid provisions of the Rights Plan are designed to ensure that, in any take-over bid, all Shareholders are treated equally, receive the maximum value for their investment, and are given adequate time to properly assess the take-over bid on a fully informed basis.

The terms of the Rights Plan are set out therein. The following is a summary of the principal terms of the Rights Plan which is qualified in its entirety by reference to the entire text of the Shareholder Rights Plan Agreement which has been previously filed with the SEC. In order to implement the Rights Plan, our board of directors authorized the issuance of one Right to acquire additional common shares pursuant to the formula set forth in the Rights Plan in respect of each common share outstanding as of 12:01 a.m. (Vancouver local time) on the Effective Date. New certificates for common shares issued after the Effective Date will contain a notation incorporating the Rights Plan by reference. Each Right will become exercisable to purchase one common share at a purchase price of CDN \$30.00 (such purchase price, as may be adjusted, being the “Purchase Price”).

Until the Separation Time (as defined below):

- the Rights will not be exercisable;
- the Rights will be evidenced by the certificates for common shares and not by separate rights certificates; and

- the Rights will be transferable by, and only in connection with, the transfer of common shares.
Separation Time; Beneficial Ownership

As noted above, the Rights are not exercisable until the Separation Time. As of and after the Separation Time, the Rights will separate from the common shares.

The “Separation Time” is the earliest of:

- The day of a public announcement that a person has become an “Acquiring Person” by acquiring beneficial ownership of 20% or more of the outstanding voting shares then outstanding (or, in the case of a person that had beneficial ownership of 20% or more of the outstanding common shares on the date the Rights Plan was executed, by obtaining additional beneficial ownership of more than 1% of the voting shares outstanding at the Record Date) other than as a result of repurchases of common shares by us and certain other limited circumstances; and
- The date of the commencement of or first public announcement of any person (other than us or our any subsidiary) to commence a tender or exchange offer if upon consummation thereof, such person would become an Acquiring Person, unless such bid is a Permitted Bid (as defined therein) or a Competing Permitted Bid (as defined therein).

Upon such acquisition or announcement of a take-over bid (defined in the Rights Plan as a “Flip-in Event”), each holder of a Right (except the Acquiring Person) will thereafter have the right to receive, upon exercise of the Rights, common shares (or, in certain circumstances, other securities, cash, or other assets of ours) having a Market Price (as immediately defined below) equal to two times the Purchase Price. Notwithstanding any of the foregoing, following the occurrence of a person becoming an Acquiring Person, all Rights that are, or (under certain circumstances specified in the Rights Plan Agreement) were, beneficially owned by any Acquiring Person (or by certain related parties) will be null and void.

The “Market Price” of the common shares will be equal to the average twenty (20) trading day closing price of the common shares preceding the date of the Flip-in Event. The reporting of earnings per share on a fully diluted or non-diluted basis will be affected by the exercise of the Rights. Holders of Rights who do not exercise their Rights upon the occurrence of a Flip-in Event may suffer substantial dilution.

Permitted Bids

Under the Rights Plan, to qualify as a Permitted Bid, a take-over bid must be made by means of a take-over bid circular delivered to all holders of common shares. The take-over bid must expressly state that common shares issued on the exercise of any warrants, stock options, or other securities convertible into common shares after the bid is made will be eligible for tender under the bid. The take-over bid must be open for acceptance for at least sixty (60) days after the bid is made, and the bid must require that only if more than fifty (50%) percent of the outstanding common shares held by independent Shareholders are deposited or tendered pursuant to the bid and not withdrawn, the bidder may take up and pay for such shares. However, public notice of this fact must be given, and the bid must then be extended for a further period of at least ten (10) business days from the date of such notice, so that other minority Shareholders may have an opportunity to tender their common shares. Also, to qualify as a Permitted Bid, the bid must permit withdrawal of deposited common shares at any time.

These requirements enable each Shareholder to decide to tender their shares based solely upon the merits of the bid. A Shareholder need not be influenced by the likelihood that a bid will succeed. If more than fifty (50%) percent of the outstanding common shares have been tendered to a bid, a Shareholder who has not already tendered his or her shares to that bid or to a competing bid will have an additional (10) business days to decide whether or not to tender his or her shares to the original bid or the competing bid.

Expiration of Rights

The Rights will expire on the earliest of (a) the time at which the Rights are redeemed (as described below), (b) the time at which the Rights are exchanged in full (as described below), or (c) April 22, 2021.

Change of Exercise of Rights Following Certain Events

Exchange Event. At any time on or after any person has become an Acquiring Person, the board of directors may, without seeking approval of the holders of the common shares or Rights, exchange the Rights (other than Rights beneficially owned by an Acquiring Person, its affiliates and associates) either (i) in return for the Purchase Price and rights, cash equity or other securities or other property or assets having a value equal to twice the Purchase Price, or (ii) in return for the Right and without further charge, subject to any amounts that may be required to be paid under applicable law, cash equity or other securities or other property or assets having a value equal to the Purchase Price.

Termination of Rights.

At any time on or after any person has become an Acquiring Person, the board of directors may, at their sole discretion, (a) interpret the provisions of the Rights Plan, and (b) make all determinations deemed necessary or advisable for the administration of the Rights Plan (including a determination to terminate or redeem or not to terminate or redeem the Rights or to terminate or amend the Rights Plan), and such interpretations or determinations by the directors shall be final, conclusive and binding on us, the Rights Agent, the holders of Rights and all other parties and shall not subject the directors to any liability to the holders of Rights.

Redemption

At any time prior to the Flip-In Event, the board of directors may direct us to redeem the Rights in whole, but not in part, at a price of \$0.0001 per Right (payable in cash, common shares, or other consideration deemed appropriate by the board of directors). Immediately upon the action of the board of directors directing us to redeem the Rights, the Rights will terminate and the only right of the holders of Rights will be to receive the \$0.0001 redemption price.

Amendment

Prior to the Separation Time, the board of directors may amend the Rights Plan in any respect. After such time, a shareholder vote may be required to approve such amendment.

Antidilution

The Rights Plan includes antidilution provisions designed to prevent efforts to diminish the effectiveness of the Rights.

Powers and Duties of Directors

The directors shall manage or supervise the management of the affairs and business of the Company and shall have authority to exercise all such powers of the Company as are not, by the British Columbia Business Corporations Act or by the Memorandum or the Articles, required to be exercised by the Company in a general meeting.

Directors will serve as such until the next annual meeting. In general, a director who is, in any way, directly or indirectly interested in an existing or proposed contract or transaction with the Company whereby a duty or interest might be created to conflict with his duty or interest as a director, shall declare the nature and extent of his interest in such contract or transaction or the conflict or potential conflict with his duty and interest as a director. Such director shall not vote in respect of any such contract or transaction with the Company in which he is interested and if he shall do so, his vote shall not be counted, but he shall be counted in the quorum present at the meeting at which such vote is taken. However, notwithstanding the foregoing, directors shall have the right to vote on determining the remuneration of the directors.

The directors may from time to time on behalf of the Company: (a) borrow money in such manner and amount from such sources and upon such terms and conditions as they think fit; (b) issue bonds, debentures and other debt obligations; and (c) mortgage, charge or give other security on the whole or any part of the property and assets of the Company.

The directors of the Company must be persons of the full age of 18 years. There is no minimum share ownership to be a Director. No person shall be a director of the Company who is not capable of managing their own affairs; is an undischarged bankrupt; convicted of an offense in connection with the promotion, formation or management of a corporation or involved in fraud within the last five years; or a person that has had a registration in any capacity under the British Columbia Securities Act or the British Columbia Mortgage Brokers Act cancelled within the last five years.

Shareholders

An annual general meeting shall be held once in every calendar year at such time and place as may be determined by the directors. A quorum at an annual general meeting and special meeting shall be two shareholders or one or more proxy holders representing two shareholders, or one shareholder and a proxy holder representing another shareholder. There is no limitation imposed by the laws of Canada or by the charter or other constituent documents of the Company on the right of a non-resident to hold or vote the common shares, other than as provided in the Investment Canada Act, referred to as the “Investment Act”, discussed below under “Item 10. Additional Information, D. Exchange Controls”

In accordance with British Columbia law, directors shall be elected by an “ordinary resolution” which means: (a) a resolution passed by the shareholders of the Company at a general meeting by a simple majority of the votes cast in person or by proxy; or (b) a resolution that has been submitted to the shareholders of the Company who would have been entitled to vote on it in person or by proxy at a general meeting of the Company and that has been consented to in writing by such shareholders of the Company holding shares carrying not less than the requisite majority of the votes entitled to be cast on it.

Under British Columbia law certain items such as an amendment to the Company’s articles or entering into a merger requires approval by a special resolution which means: (a) a resolution passed by a majority of not less than the requisite majority of the votes cast by the shareholders of the Company who, being entitled to do so, vote in person or by proxy at a general meeting of the company; or (b) a resolution consented to in writing by every shareholder of the Company who would have been entitled to vote in person or by proxy at a general meeting of the Company, and a resolution so consented to is deemed to be a special resolution passed at a general meeting of the Company.

C. Material contracts

1. Controlled Equity Offering Sales Agreement
2. Placement Agency Agreement
3. Form of Subscription Agreement
4. Form of Warrant Agreement

D. Exchange controls

Canada has no system of exchange controls. There are no Canadian restrictions on the repatriation of capital or earnings of a Canadian public company to non-resident investors. There are no laws in Canada or exchange restrictions affecting the remittance of dividends, profits, interest, royalties and other payments to non-resident holders of the Issuer’s securities, except as discussed below under “Item 10. Additional Information, E. Taxation.”

There are no limitations under the laws of Canada or in the organizing documents of the Company on the right of foreigners to hold or vote securities of the Company, except that the Investment Canada Act may require review and approval by the Minister of Industry (Canada) of certain acquisitions of “control” of the Company by a “non-Canadian”. The threshold for acquisitions of control is generally defined as being one-third or more of the voting shares of the Company. “Non-Canadian” generally means an individual who is not a Canadian citizen, or a corporation, partnership, trust or joint venture that is ultimately controlled by non-Canadians.

E. Taxation

Canadian Federal Income Tax Consequences

The following summarizes the principal Canadian federal income tax consequences applicable to the holding and disposition of common shares in the capital of the Company by a United States resident, and who holds common shares solely as capital property, referred to as a “U.S. Holder”. This summary is based on the current provisions of the Income Tax Act (Canada), referred to as the “Tax Act”, the regulations thereunder, all amendments thereto publicly proposed by the government of Canada, the published administrative practices of Revenue Canada, Customs, Excise and Taxation, and the current provisions of the Canada-United States Income Tax Convention, 1980, as amended, referred to as the “Treaty”. Except as otherwise expressly provided, this summary does not take into account any provincial, territorial or foreign (including without limitation, any United States) tax law or treaty. It has been assumed that all currently proposed amendments will be enacted substantially as proposed and that there is no other relevant change in any governing law or practice, although no assurance can be given in these respects.

Each U.S. Holder is advised to obtain tax and legal advice applicable to such U.S. Holder’s particular circumstances.

Every U.S. Holder is liable to pay a Canadian withholding tax on every dividend that is or is deemed to be paid or credited to the U.S. Holder on the U.S. Holder’s common shares. The statutory rate of withholding tax is 25% of the gross amount of the dividend paid. The Treaty reduces the statutory rate with respect to dividends paid to a U.S. Holder for the purposes of the Treaty. Where applicable, the general rate of withholding tax under the Treaty is 15% of the gross amount of the dividend, but if the U.S. Holder is a company that owns at least 10% of the voting stock of the Company and beneficially owns the dividend, the rate of withholding tax is 5% for dividends paid or credited after 1996 to such corporate U.S. Holder. The Company is required to withhold the applicable tax from the dividend payable to the U.S. Holder, and to remit the tax to the Receiver General of Canada for the account of the U.S. Holder.

Pursuant to the Tax Act, a U.S. Holder will not be subject to Canadian capital gains tax on any capital gain realized on an actual or deemed disposition of a common share, including a deemed disposition on death, provided that the U.S. Holder did not hold the common share as capital property used in carrying on a business in Canada, and that neither the U.S. Holder nor persons with whom the U.S. Holder did not deal at arms-length (alone or together) owned or had the right or an option to acquire 25% or more of the issued shares of any class of the Company at any time in the five years immediately preceding the disposition.

United States Federal Income Tax Consequences

Passive Foreign Investment Company

In light of the Company’s extracting and processing at the San Gonzalo mine during the fourth quarter of 2012, the Company does not believe that it is a passive foreign investment company, referred to as a “PFIC” for United States federal income tax purposes with respect to a United States Investor. The Company will be a PFIC with respect to a United States Investor if, for any taxable year in which such United States Investor held the Company’s shares, either (i) at least 75 % of the gross income of the Company for the taxable year is passive income, or (ii) at least 50% of the Company’s assets are attributable to assets that produce or are held for the production of passive income. In each case, the Company must take into account a pro-rata share of the income and the assets of any company in which the Company owns, directly or indirectly, 25% or more of the stock by value (the “look-through” rules). Passive income generally includes dividends, interest, royalties, rents (other than rents and royalties derived from the active conduct of a trade or business and not derived from a related person), annuities and gains from assets that produce passive income. As a publicly traded corporation, the Company would apply the 50% asset test based on the value of the Company’s assets.

If the Company qualifies as a PFIC, and unless a United States Investor who owns shares in the Company (i) elects (a section 1295 election) to have the Company treated as a “qualified electing fund”, referred to as a “QEF” (described below), or (ii) marks the stock to market (described below), the following rules apply:

1. Distributions made by the Company during a taxable year to a United States Investor who owns shares in the Company that are an “excess distribution” (defined generally as the excess of the amount received with respect to the shares in any taxable year over 125% of the average received in the shorter of either the three previous years or such United States Investor’s holding period before the taxable year) must be allocated ratably to each day of such shareholder’s holding period. The amount allocated to the current taxable year and to years when the corporation was not a PFIC must be included as ordinary income in the shareholder’s gross income for the year of distribution. The remainder is not included in gross income but the shareholder must pay a deferred tax on that

portion. The deferred tax amount, in general, is the amount of tax that would have been owed if the allocated amount had been included in income in the earlier year, plus interest. The interest charge is at the rate applicable to deficiencies in income taxes.

2. The entire amount of any gain realized upon the sale or other disposition of the shares will be treated as an excess distribution made in the year of sale or other disposition and as a consequence will be treated as ordinary income and, to the extent allocated to years prior to the year of sale or disposition, will be subject to the interest charge described above.

A shareholder that makes a section 1295 election will be currently taxable on his or her pro-rata share of the Company's ordinary earnings and net capital gain (at ordinary income and capital gain rates, respectively) for each taxable year of the Company, regardless of whether or not distributions were received. The shareholder's basis in his or her shares will be increased to reflect taxed but undistributed income. Distributions of income that had previously been taxed will result in a corresponding reduction of basis in the shares and will not be taxed again as a distribution to the shareholder.

A shareholder may make a section 1295 election with respect to a PFIC for any taxable year of the shareholder (shareholder's election year). A section 1295 election is effective for the shareholder's election year and all subsequent taxable years of the shareholder. Procedures exist for both retroactive elections and filing of protective statements. Once a section 1295 election is made it remains in effect, although not applicable, during those years that the Company is not a PFIC. Therefore, if the Company re-qualifies as a PFIC, the section 1295 election previously made is still valid and the shareholder is required to satisfy the requirements of that election. Once a shareholder makes a section 1295 election, the shareholder may revoke the election only with the consent of the Commissioner.

If the shareholder makes the section 1295 election for the first tax year of the Company as a PFIC that is included in the shareholder's holding period, the PFIC qualifies as a pedigreed QEF with respect to the shareholder. If a QEF is an unpedigreed QEF with respect to the shareholder, the shareholder is subject to both the non-QEF and QEF regimes. Certain elections are available which enable shareholders to convert an unpedigreed QEF into a pedigreed QEF thereby avoiding such dual application.

A shareholder making the section 1295 election must make the election on or before the due date, as extended, for filing the shareholder's income tax return for the first taxable year to which the election will apply. A shareholder must make a section 1295 election by completing Form 8621, attaching said Form to its federal income tax return, and reflecting in the Form the information provided in the PFIC Annual Information Statement, or if the shareholder calculated the financial information, a statement to that effect. The PFIC Annual Information Statement must include the shareholder's pro-rata shares of the ordinary earnings and net capital gain of the PFIC for the PFIC's taxable year or information that will enable the shareholder to calculate its pro-rata shares. In addition, the PFIC Annual Information Statement must contain information about distributions to shareholders and a statement that the PFIC will permit the shareholder to inspect and copy its permanent books of account, records, and other documents of the PFIC necessary to determine that the ordinary earnings and net capital gain of the PFIC have been calculated according to federal income tax accounting principles. A shareholder may also obtain the books, records and other documents of the foreign corporation necessary for the shareholder to determine the correct earnings and profits and net capital gain of the PFIC according to federal income tax principles and calculate the shareholder's pro-rata shares of the PFIC's ordinary earnings and net capital gain. In that case, the PFIC must include a statement in its PFIC Annual Information Statement that it has permitted the shareholder to examine the PFIC's books of account, records, and other documents necessary for the shareholder to calculate the amounts of ordinary earnings and net capital gain. A shareholder that makes a Section 1295 election with respect to a PFIC held directly or indirectly for each taxable year to which the Section 1295 election applies must comply with the foregoing submissions.

Because the Company's stock is "marketable" under section 1296(e), a United States Investor may elect to mark the stock to market each year. In general, a PFIC shareholder who elects under section 1296 to mark the marketable stock of a PFIC includes in income each year an amount equal to the excess, if any, of the fair market value of the PFIC stock as of the close of the taxable year over the shareholder's adjusted basis in such stock. A shareholder is also generally allowed a deduction for the excess, if any, of the adjusted basis of the PFIC stock over the fair market value as of the close of the taxable year. Deductions under this rule, however, are allowable only to the extent of any net mark to market gains with respect to the stock included by the shareholder for prior taxable years. While the interest charge regime under the PFIC rules generally does not apply to distributions from and

dispositions of stock of a PFIC where the United States Investor has marked to market, coordination rules for limited application will apply in the case of a United States Investor that marks to market PFIC stock later than the beginning of the shareholder's holding period for the PFIC stock.

Special rules apply with respect to the calculation of the amount of the foreign tax credit with respect to excess distributions by a PFIC or inclusions under a QEF.

Controlled Foreign Corporations

Sections 951 through 964 and Section 1248 of the Internal Revenue Code, referred to as the "Code", relate to controlled foreign corporations, referred to as "CFCs". A foreign corporation that qualifies as a CFC will not be treated as a PFIC with respect to a shareholder during the portion of the shareholder's holding period after December 31, 1997, during which the shareholder is a 10% United States shareholder and the corporation is a CFC. The PFIC provisions continue to apply in the case of a PFIC that is also a CFC with respect to shareholders that are less than 10% United States shareholders.

The 10% United States shareholders of a CFC are subject to current United States tax on their pro-rata shares of certain income of the CFC and their pro-rata shares of the CFC's earnings invested in certain United States property. The effect is that the CFC provisions may impute some portion of such a corporation's undistributed income to certain shareholders on a current basis and convert into dividend income some portion of gains on dispositions of stock, which would otherwise qualify for capital gains treatment.

The Company does not believe that it will be a CFC. It is possible that the Company could become a CFC in the future. Even if the Company were classified as a CFC in a future year, however, the CFC rules referred to above would apply only with respect to 10% shareholders.

Personal Holding Company/Foreign Personal Holding Company/Foreign Investment Company

A corporation will be classified as a personal holding company, or a "PHC", if at any time during the last half of a tax year (i) five or fewer individuals (without regard to their citizenship or residence) directly or indirectly or by attribution own more than 50% in value of the corporation's stock and (ii) at least 60% of its ordinary gross income, as specially adjusted, consists of personal holding company income (defined generally to include dividends, interest, royalties, rents and certain other types of passive income). A PHC is subject to a United States federal income tax of 39.6% on its undistributed personal holding company income (generally limited, in the case of a foreign corporation, to United States source income).

A corporation will be classified as a foreign personal holding company, or an "FPHC", and not a PHC if at any time during a tax year (i) five or fewer individual United States citizens or residents directly or indirectly or by attribution own more than 50% of the total combined voting power or value of the corporation's stock and (ii) at least 60% of its gross income consists of foreign personal holding company income (defined generally to include dividends, interest, royalties, rents and certain other types of passive income). Each United States shareholder in a FPHC is required to include in gross income, as a dividend, an allocable share of the FPHC's undistributed foreign personal holding company income (generally the taxable income of the FPHC, as specially adjusted).

A corporation will be classified as a foreign investment company, or an "FIC", if for any taxable year it: (i) is registered under the Investment Company Act of 1940, as amended, as a management company or share investment trust or is engaged primarily in the business of investing or trading in securities or commodities (or any interest therein); and (ii) 50% or more of the value or the total combined voting power of all the corporation's stock is owned directly or indirectly (including stock owned through the application of attribution rules) by United States persons. In general, unless an FIC elects to distribute 90% or more of its taxable income (determined under United States tax principles as specially adjusted) to its shareholders, gain on the sale or exchange of FIC stock is treated as ordinary income (rather than capital gain) to the extent of such shareholder's ratable share of the corporation's earnings and profits for the period during which such stock was held.

The Company believes that it is not and will not be a PHC, FPHC or FIC. However, no assurance can be given as to the Company's future status.

United States Information Reporting and Backup Withholding

Dividends are generally subject to the information reporting requirements of the Code. Dividends may be subject to backup withholding at the rate of 31% unless the holder provides a taxpayer identification number on a properly completed Form W-9 or otherwise establishes an exemption.

The amount of any backup withholding will not constitute additional tax and will be allowed as a credit against the United States Investor's federal income tax liability.

Filing of Information Returns

Under a number of circumstances, a United States Investor acquiring shares of the Company may be required to file an information return. In particular, any United States Investor who becomes the owner, directly or indirectly, of 10% or more of the shares of the Company will be required to file such a return. Other filing requirements may apply and United States Investors should consult their own tax advisors concerning these requirements.

F. Dividends and paying agents

Not Applicable.

G. Statement by experts

Not Applicable.

H. Documents on display

The Company files annual reports and furnishes other information with the SEC via Edgar. You may read and copy any document that we file at the SEC's Public Reference Room at 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549 or by accessing the Commission's website (<http://www.sec.gov>). The Company also files its annual reports and other information with the Canadian Securities Administrators via SEDAR (www.sedar.com).

Our principal executive office is located at Suite 900, 570 Granville Street, Vancouver, British Columbia V6C 3P1, Canada. Our telephone number is (604) 682-3701. Our website is located at www.avino.com. Information contained on, or that can be accessed through, our website is not part of this Annual Report.

Copies of the Company's material contracts are kept in the Company's administrative headquarters.

I. Subsidiary information

None.

Item 11. Quantitative and Qualitative Disclosures about Market Risk

The Audit Committee of our board of directors regularly reviews foreign exchange and interest rates. Our policy prohibits the use of financial instruments for speculative purposes. See Note 21 in our annual audited consolidated Financial Statements contained in this annual report on Form 20-F for quantitative and qualitative disclosure of market risk.

Item 12. Description of Securities Other than Equity Securities

Not Applicable.

Part II

Item 13. Defaults, Dividend Arrearages and Delinquencies

None.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

On April 23, 2013, the Board of Directors approved and adopted a Shareholder Rights Plan (the "Rights Plan") which was ratified by the shareholders of the Company on June 27, 2013. The Rights Plan entitles shareholders to severable rights to purchase additional shares of the Company upon the occurrence of a take-over bid (i.e. an offer to purchase 20% or more of the issued shares, when aggregated with the offeror's shareholdings), which fails to meet certain conditions. Bids which meet these conditions ("Permitted Bids") do not trigger the rights to purchase additional shares. Permitted Bids are offers which meet all of the following conditions:

1. The offer is made to all shareholders and includes shares issuable upon exercise of share purchase warrants, stock options and other convertible securities;
2. The offer must contain an irrevocable and unqualified provision that no shares will be taken up or paid for prior to the close of business on a date less than 60 days following the date of the Bid, and only if at such date more than 50% of the shares held by independent shareholders have been deposited or tendered and not withdrawn;
3. The offer must contain an irrevocable and unqualified provision that any share deposited may be withdrawn at any time until being taken up and paid for; and
4. The offer must contain an irrevocable and unqualified provision that if the deposit conditions set out above are met, then the offeror will make a public announcement of that fact, and the bid will remain open for deposits or tenders of additional shares for not less than 10 business days from the date of the public announcement.

The Rights Plan is designed to ensure that all shareholders are treated fairly and equitably in the event of a take-over bid.

Item 15. Controls and Procedures

Disclosure Controls and Procedures

As required by paragraph (b) of Rules 13a-15 or 15d-15 under the Exchange Act, our principal executive officer and principal financial officer evaluated our company's disclosure controls and procedures (as defined in rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of the end of the period covered by this annual report on Form 20-F. Based on the evaluation, these officers concluded that as of the end of the period covered by this Annual Report on Form 20-F, our disclosure controls and procedures were not effective to ensure that the information required to be disclosed by our company in reports it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time period specified in the rules and forms of the Securities and Exchange Commission. These disclosure controls and procedures include controls and procedures designed to ensure that such information is accumulated and communicated to our company's management, including our company's principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure. The conclusion that our disclosure controls and procedures were not effective was due to the presence of material weaknesses in internal control over financial reporting as identified below under the heading "Management's Report on Internal Control Over Financial Reporting."

Management anticipates that such disclosure controls and procedures will not be effective until the material weaknesses are remediated. Our company intends to remediate the material weaknesses as set out below.

Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, if any, within our company have been detected.

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) for our Company. Our Company's internal control over financial reporting is designed to provide reasonable assurance, not absolute assurance, regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards. Internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our Company's assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with International Financial Reporting Standards, and that our Company's receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on our financial statements.

For the purposes of Exchange Act Rules 13a-15(e), 13a-15(f), 15d-15(e), and 15d-15(f), management, including our principal executive officer and principal financial officer, conducted an evaluation of the design and operation of our internal control over financial reporting as of December 31, 2015 based on the criteria set forth in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. This evaluation included review of the documentation of controls, evaluation of the design effectiveness of controls, testing of the operating effectiveness of controls and a conclusion on this evaluation. Based on this evaluation, our management concluded our internal control over financial reporting was not effective as at December 31, 2015 due to the following material weaknesses: (i) inadequate segregation of duties and effective risk assessment; (ii) insufficient written policies and procedures for accounting, financial reporting and corporate governance; (iii) insufficient disaster recovery plans; and, (iv) limited staff resources resulting in the possibility that from time to time the Company may not have the necessary in-house knowledge to address complex accounting and tax issues that may arise.

Our Company has taken steps to enhance and improve the design of our internal controls over financial reporting; however these steps were not complete as of December 31, 2015. During the period covered by this annual report on Form 20-F, we have not been able to remediate the material weaknesses identified above. To remediate such weaknesses, we plan to implement the following changes during our fiscal year ending December 31, 2016: (i) address inadequate segregation of duties and ineffective risk management; (ii) adopt sufficient written policies and procedures for accounting, financial reporting and corporate governance; (iii) implement a disaster recovery plan; and, (iv) hire additional financial reporting personnel and engage external technical accounting and tax advisors and experts.

This annual report does not include an attestation report of the Company's independent registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's independent registered public accounting firm pursuant to the rules of the Securities and Exchange Commission that permit us to provide only management's report in this annual report.

Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, if any, within our company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake.

Changes in Internal Control Over Financial Reporting

During the period covered by this annual report, there have been no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 16A. Audit Committee Financial Expert

The Board determined that Mr. Gary Robertson is qualified as an Audit Committee Financial Expert. Mr. Robertson is independent as determined by the NASDAQ listing rules.

Item 16B. Code of Ethics

The Company has adopted a Code of Ethics (“Code”) that applies to all directors, officers and employees of the Company.

This Code covers a wide range of financial and non-financial business practices and procedures. This Code does not cover every issue that may arise, but it sets out basic principles to guide all executive and staff of the Company. If a law or regulation conflicts with a policy in this Code, then personnel must comply with such law or regulation. If any person has any questions about this Code or potential conflicts with a law or regulation, they should contact the Company's Board of Directors or Audit Committee.

All executive and staff should recognize that they hold an important role in the overall corporate governance and ethical standards of the Company. Each person is capable and empowered to ensure that the Company's, its shareholders' and other stakeholders' interests are appropriately balanced, protected and preserved. Accordingly, the Code provides principles to which all personnel are expected to adhere and advocate. The Code embodies rules regarding individual and peer responsibilities, as well as responsibilities to the Company, the shareholders, other stakeholders, and the public generally.

A copy of the Code is available at the Company's website at www.avino.com.

Item 16C. Principal Accountant Fees and Services

The independent auditor for the years ended December 31, 2015 and 2014 was Manning Elliott LLP.

Audit Fees

The aggregate fees billed by Manning Elliott LLP for professional services rendered for the audit of the annual financial statements or services that are normally provided in connection with statutory and regulatory filings or engagements for the Company's years ended December 31, 2015 and 2014 were \$195,000 and \$191,000 respectively.

Audit-Related Fees

The audit-related fees billed by Manning Elliott LLP for assurance and related services that are reasonably related to the performance of the audit or review for the Company's years ended December 31, 2015 and 2014 were \$3,000 and \$4,000 respectively and consisted of fees for consideration of the Company's Form 20-F.

Tax Fees

The tax fees billed by Manning Elliott LLP for the Company's years ended December 31, 2015 and 2014 were \$8,000 and \$3,500 respectively and consisted of fees for tax compliance services.

All Other Fees

The aggregate fees billed by Manning Elliott LLP for services other than the services reported above for the Company's years ended December 31, 2015 and 2014 were \$16,950 and \$33,750 respectively and consisted of fees for consideration of the Company's securities registration documents and for due diligence services related to the acquisition of Bralorne Gold Mines Ltd.

The Audit Committee approved 100% of the fees paid to the principal accountant for audit-related, tax and other fees in the fiscal years 2015 and 2014. The Audit Committee pre-approves all non-audit services to be performed by the auditor in accordance with the Audit Committee Charter. There were no hours expended on the principal accountant's engagement to audit the Company's financial statements for the most recent fiscal year that were attributed to work performed by persons other than the principal accountant's full-time, permanent employees.

Item 16D. Exemptions from the Listing Standards for Audit Committees

Not applicable.

Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Not applicable.

Item 16F. Changes in Registrant's Certifying Accountant

Not applicable.

Item 16G. Corporate Governance

The Company's common shares are listed on the NYSE MKT. The Company does not believe that its corporate governance practices differ from those followed by domestic companies under the listing standards of the NYSE MKT.

Item 16H. Mine Safety Disclosure

Under Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and pursuant to this Item 16H, each operator of a coal or other mine is required to include disclosures regarding certain mine safety results in its periodic reports filed with the SEC. We do not own or operate any mines in the United States and, as a result, this information is not required.

Part III

Item 17. Financial Statements

Not applicable.

Item 18. Financial Statements

The following financial statements pertaining to the Company are filed as part of this Annual Report:

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Consolidated Statements of Cash Flows for the years ended December 31, 2015, 2014 and 2013	107
Notes to the Consolidated Financial Statements	108 through 145

Item 19. Exhibits

Exhibit Number	Exhibit
1.1	Memorandum of Avino Silver & Gold Mines Ltd.*
1.2	Articles of Avino Silver & Gold Mines Ltd.*
2.1	Shareholders Rights Plan Agreement dated Apr. 22, 2013 (Incorporated by reference to Exhibit 2.1 to Form 20-F for the year ended December 31, 2012 filed with the SEC on May 14, 2013)
4.2	Intermark Capital Corporation Consulting Agreement dated Jan. 1, 2013(Incorporated by reference to Exhibit 4.2 to Form 20-F for the year ended December 31, 2012 filed with the SEC on May 14, 2013)
4.3	Minerales de Avino SA de CV Agreement dated February 18, 2012 (Incorporated by reference to Exhibit 4.3 to Form 20-F for the year ended December 31, 2012 filed with the SEC on May 14, 2013)
4.4	Stock Option Plan (Incorporated by reference to Exhibit 4.4 to Form 20-F for the year ended December 31, 2012 filed with the SEC on May 14, 2013)
4.5	\$5 Million Master Credit Facility with Caterpillar Credito, S.A. de C.V. and Continuing Guarantee dated December 17, 2012 (Incorporated by reference to Exhibit 4.5 to Form 20-F for the year ended December 31, 2012 filed with the SEC on May 14, 2013)
4.6	Avaron Mining Corp. Option Agreement dated January 3, 2012 (Incorporated by reference to Exhibit 4.6 to Form 20-F for the year ended December 31, 2012 filed with the SEC on May 14, 2013)
4.7	Benz Capital Corp. Option Purchase and Assignment Agreement dated November 30, 2012 (Incorporated by reference to Exhibit 4.7 to Form 20-F for the year ended December 31, 2012 filed with the SEC on May 14, 2013)
4.8	Endeavour Silver Corp. Option to Joint Venture Agreement dated July 30, 2012 (Incorporated by reference to Exhibit 4.8 to Form 20-F for the year ended December 31, 2012 filed with the SEC on May 14, 2013)
4.9	Controlled Equity Offering Sales Agreement (Incorporated by reference to Exhibit 10.1 to Form 6-K filed with the SEC on December 31, 2013)
4.10	Placement Agency Agreement (Incorporated by reference to Exhibit 10.1 to Form 6-K filed with the SEC on February 21, 2014)
4.11	Form of Subscription Agreement (Incorporated by reference to Exhibit 10.2 to Form 6-K filed with the SEC on February 21, 2014)
4.12	Form of Warrant Agreement (Incorporated by reference to Exhibit 10.3 to Form 6-K filed with the SEC on February 21, 2014)
4.13	Malcolm Davidson Employment Agreement dated Jan. 1, 2014
4.14	José Carlos Rodríguez Moreno Employment Agreement dated July 1, 2013 and Amendment dated April 14, 2014
4.15	Arrangement Agreement dated July 31, 2014 between Avino Silver & Gold Mines Ltd. and Bralorne Gold Mines Ltd. (Incorporated by reference to Exhibit 99.1 to Form 6K filed with the SEC on August 6, 2014 and subsequently amended and filed with the SEC on September 2, 2014.)
8.1	List of Subsidiaries
11.1	Code of Ethics (Incorporated by reference to Exhibit 11.1 to Form 20-F for the year ended December 31, 2012 filed with the SEC on May 14, 2013)
11.2	Audit Committee Charter (Incorporated by reference to Exhibit 11.2 to Form 20-F for the year ended December 31, 2012 filed with the SEC on May 14, 2013)
11.3	Governance & Nominating Committee Charter (Incorporated by reference to Exhibit 11.3 to Form 20-F for the year ended December 31, 2012 filed with the SEC on May 14, 2013)
11.4	Compensation Committee Charter (Incorporated by reference to Exhibit 11.2 to Form 20-F for the year ended December 31, 2012 filed with the SEC on May 14, 2013)
12.1	Certification of the Principal Executive Officer
12.2	Certification of the Principal Financial Officer
13.1	Certificate under the Sarbanes-Oxley Act of the Principal Executive Officer
13.2	Certificate under the Sarbanes-Oxley Act of the Principal Financial Officer
13.3	Consent of Manning Elliott LLP
13.4	Consent of Tetra Tech WEI Inc.
13.5	Consent of Beacon Hill Consultants (1988) Ltd.

* Previously filed.



AVINO SILVER & GOLD MINES LTD.

Consolidated Financial Statements

For the years ended December 31, 2015, 2014 and 2013

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements of Avino Silver & Gold Mines Ltd. (the "Company") are the responsibility of the Company's management. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and reflect management's best estimates and judgments based on information currently available.

Management has developed and is maintaining a system of internal controls to ensure that the Company's assets are safeguarded, transactions are authorized and properly recorded, and financial information is reliable.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities. The Audit Committee reviews the results of the annual audit and reviews the consolidated financial statements prior to their submission to the Board of Directors for approval.

The consolidated financial statements as at December 31, 2015 and 2014 and for the years ended December 31, 2015, 2014, and 2013 have been audited by Manning Elliott LLP, an independent registered public accounting firm, and their report outlines the scope of their examination and gives their opinion on the consolidated financial statements.

"David Wolfin"

David Wolfin
President & CEO
March 2, 2016

"Malcolm Davidson"

Malcolm Davidson, CPA, CA
Chief Financial Officer
March 2, 2016



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Avino Silver & Gold Mines Ltd.

We have audited the accompanying consolidated financial statements of Avino Silver & Gold Mines Ltd. which comprise the consolidated statements of financial position as at December 31, 2015 and 2014, and the consolidated statements of operations and comprehensive income, changes in equity and cash flows for the years ended December 31, 2015, 2014 and 2013, and the related notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. The Company is not required to have, nor were we engaged to perform, an audit of the Company's internal control over financial reporting; accordingly we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Avino Silver & Gold Mines Ltd. as at December 31, 2015 and 2014, and the results of its operations and its cash flows for the years ended December 31, 2015, 2014 and 2013 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

/s/ Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, British Columbia

March 2, 2016

AVINO SILVER & GOLD MINES LTD.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	Note	December 31, 2015	December 31, 2014
ASSETS			
Current assets			
Cash		\$ 7,475,134	\$ 4,249,794
Amounts receivable		3,730,317	2,568,873
Taxes recoverable	5	3,053,035	1,658,617
Prepaid expenses and other assets		1,177,053	812,600
Inventory	6	4,612,234	3,804,141
		20,047,773	13,094,025
Exploration and Evaluation Assets	7	41,376,974	29,909,220
Plant, Equipment and Mining Properties	11	25,733,033	18,173,513
Investments	12	38,712	93,889
Reclamation Bonds		145,500	145,500
		\$ 87,341,992	\$ 61,416,147
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		\$ 4,178,571	\$ 3,968,646
Amounts due to related parties	14(b)	217,822	222,066
Current portion of term facility	13	6,458,660	-
Current portion of equipment loans	16	222,192	-
Current portion of finance lease obligations	17	1,815,747	1,292,326
Taxes payable		1,151,224	993,110
		14,044,216	6,476,148
Warrant Liability	15	-	239,690
Term Facility	13	7,381,340	-
Equipment Loans	16	731,918	-
Finance Lease Obligations	17	2,305,534	2,007,010
Reclamation Provision	18	6,047,369	2,005,881
Deferred Income Tax Liabilities	28	4,892,916	5,637,027
Total liabilities		35,403,293	16,365,756
EQUITY			
Share Capital	19	62,262,954	58,606,898
Equity Reserves		9,531,512	10,797,709
Treasury Shares (14,180 shares, at cost)		(101,869)	(101,869)
Accumulated Other Comprehensive Income		5,652,534	1,672,009
Accumulated Deficit		(25,406,432)	(25,924,356)
Total Equity		51,938,699	45,050,391
		\$ 87,341,992	\$ 61,416,147

Commitments – Note 7 and 23
Subsequent Events – Note 29

Approved by the Board of Directors on March 2, 2016:

Gary Robertson Director

David Wolfin Director

AVINO SILVER & GOLD MINES LTD.

Consolidated Statements of Operations and Comprehensive Income (Loss)

For the years ended December 31, 2015, 2014 and 2013

(Expressed in Canadian dollars)

	Note	2015	2014	2013
Revenue from Mining Operations	21	\$ 19,082,847	\$ 19,297,953	\$ 16,094,701
Cost of Sales	21	10,961,694	11,393,404	8,968,409
Mine Operating Income		8,121,153	7,904,549	7,126,292
General and Administrative Expenses	22	4,256,672	4,019,378	4,194,678
Income before other income (expenses)		3,864,481	3,885,171	2,931,614
Other Income (Expenses)				
Fair value adjustment on warrant liability	15	239,690	1,055,957	-
Interest and other income		59,098	41,658	145,406
Foreign exchange gain (loss)		(833,822)	316,599	415,278
Interest expense		(180,079)	(124,138)	(52,753)
Accretion of reclamation provision	18	(136,925)	(131,787)	-
Unrealized gain (loss) on investments	12	(55,177)	385	(99,833)
Finance cost		(14,238)	(129,953)	-
Gain on forgiveness of debt		-	58,967	-
Share of net loss of equity investee		-	(90,944)	-
Mineral property option income		-	-	69,500
Net Income Before Income Taxes		2,943,028	4,881,915	3,409,212
Income Taxes				
Current income tax expense	28	(3,587,796)	(1,820,970)	(42,547)
Deferred income tax recovery (expense)	28	1,128,192	(546,776)	(2,518,453)
		(2,459,604)	(2,367,746)	(2,561,000)
Net Income		483,424	2,514,169	848,212
Other Comprehensive Income				
Items that may be reclassified subsequently to income or loss				
Currency translation differences of foreign operations		3,980,525	1,456,329	545,891
Comprehensive Income		\$ 4,463,949	\$3,970,498	\$1,394,103
Earnings per Share	19(e)			
Basic		\$0.01	\$0.08	\$0.03
Diluted		\$0.01	\$0.08	\$0.03
Weighted Average Number of Common Shares Outstanding	19(e)			
Basic		36,229,424	32,333,224	27,405,179
Diluted		36,723,725	33,273,740	27,701,403

The accompanying notes are an integral part of the consolidated financial statements

AVINO SILVER & GOLD MINES LTD.

Consolidated Statements of Changes in Equity

For the years ended December 31, 2015, 2014 and 2013

(Expressed in Canadian dollars)

	Note	Number of Common Shares	Share Capital Amount	Equity Reserves	Treasury Shares	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Equity
Balance, January 1, 2013		27,127,416	\$ 42,088,103	\$ 9,749,674	\$ (101,869)	\$ (330,211)	\$ (29,458,319)	\$ 21,947,378
Common shares issued for cash:								
Exercise of stock options		361,418	297,185	-	-	-	-	297,185
Carrying value of stock options exercised		-	399,544	(399,544)	-	-	-	-
Share-based payments		-	-	908,362	-	-	-	908,362
Options and warrants cancelled or expired		-	-	(107,643)	-	-	107,643	-
Net income for the year		-	-	-	-	-	848,212	848,212
Currency translation differences of foreign operations		-	-	-	-	545,891	-	545,891
Balance, December 31, 2013		27,488,834	\$ 42,784,832	\$ 10,150,849	\$ (101,869)	\$ 215,680	\$ (28,502,464)	\$ 24,547,028
Common shares issued for cash:								
Brokered public offerings		4,982,677	11,461,810	-	-	-	-	11,461,810
Less share issuance costs		-	(816,537)	-	-	-	-	(816,537)
Exercise of stock options		266,457	307,937	-	-	-	-	307,937
Carrying value of stock options exercised		-	333,483	(333,483)	-	-	-	-
Shares issued for asset acquisition		2,636,845	4,535,373	-	-	-	-	4,535,373
Share-based payments		-	-	1,044,282	-	-	-	1,044,282
Options and warrants cancelled or expired		-	-	(63,939)	-	-	63,939	-
Net income for the year		-	-	-	-	-	2,514,169	2,514,169
Currency translation differences of foreign operations		-	-	-	-	1,456,329	-	1,456,329
Balance, December 31, 2014		35,374,813	\$ 58,606,898	\$ 10,797,709	\$ (101,869)	\$ 1,672,009	\$ (25,924,356)	\$ 45,050,391
Common shares issued for cash:								
Brokered public offerings	19	1,001,196	1,551,095	-	-	-	-	1,551,095
Less share issuance costs	19	-	(105,296)	-	-	-	-	(105,296)
Exercise of stock options	19	922,000	937,740	-	-	-	-	937,740
Carrying value of stock options exercised		-	1,272,517	(1,272,517)	-	-	-	-
Share-based payments	20	-	-	40,820	-	-	-	40,820
Options and warrants cancelled or expired		-	-	(34,500)	-	-	34,500	-
Net income for the year		-	-	-	-	-	483,424	483,424
Currency translation differences of foreign operations		-	-	-	-	3,980,525	-	3,980,525
Balance, December 31, 2015		37,298,009	\$ 62,262,954	\$ 9,531,512	\$ (101,869)	\$ 5,652,534	\$ (25,406,432)	\$ 51,938,699

The accompanying notes are an integral part of the consolidated financial statements

AVINO SILVER & GOLD MINES LTD.

Consolidated Statements of Cash Flows

For the years ended December 31, 2015, 2014 and 2013

(Expressed in Canadian dollars)

	Note	2015	2014	2013
Cash Provided By (Used In):				
Operating Activities				
Net income		\$ 483,424	\$ 2,514,169	\$ 848,212
Adjustments for non-cash items:				
Depreciation and depletion		1,341,577	1,277,752	950,013
Accretion of reclamation provision		136,925	131,787	-
Unrealized loss (gain) on investments		55,177	(385)	99,833
Share-based payments		40,820	982,782	908,362
Deferred income tax expense (recovery)		(1,128,192)	546,776	2,518,453
Fair value adjustment on warrant liability		(239,690)	(1,055,957)	-
Foreign exchange gain		(236,163)	(111,289)	-
Share of net loss of equity investee		-	90,944	-
Gain on forgiveness of debt		-	(58,967)	-
Other income		-	-	(88,637)
Mineral property option income		-	-	(39,500)
		453,878	4,317,612	5,196,736
Net change in non-cash working capital items	24	(3,075,989)	(1,461,655)	(1,213,384)
		(2,622,111)	2,855,957	3,983,352
Financing Activities				
Term facility		13,840,000	-	-
Shares and units issued for cash, net of issuance costs		2,383,539	12,248,857	297,185
Finance lease payments		(1,681,049)	(943,678)	(335,531)
Equipment loan payments		(89,641)	-	-
		14,452,849	11,305,179	(38,346)
Investing Activities				
Recovery of exploration costs from concentrate proceeds		22,275,296	3,428,624	-
Exploration and evaluation expenditures		(26,052,048)	(11,853,024)	(901,912)
Additions to plant, equipment and mining properties		(5,108,935)	(5,472,774)	(3,315,192)
Cash from acquisition of subsidiary		-	92,792	-
Proceeds from sale of equipment		-	-	88,637
		(8,885,687)	(13,804,382)	(4,128,467)
Change in cash and cash equivalents		2,945,051	356,754	(183,461)
Effect of exchange rate changes on cash and cash equivalents		280,289	53,445	(12,929)
Cash and Cash Equivalents, Beginning		4,249,794	3,839,595	4,035,985
Cash and Cash Equivalents, Ending		\$ 7,475,134	\$ 4,249,794	\$ 3,839,595
Cash and Cash Equivalents Consist of:				
Bank balances		\$ 7,475,134	\$ 4,249,794	\$ 3,195,349
Guaranteed investment certificates		-	-	644,246
		\$ 7,475,134	\$ 4,249,794	\$ 3,839,595

Supplementary Cash Flow Information (Note 24)

The accompanying notes are an integral part of the consolidated financial statements

AVINO SILVER & GOLD MINES LTD.

Notes to the consolidated financial statements

For the years ended December 31, 2015, 2014 and 2013

(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS

Avino Silver & Gold Mines Ltd. (the “Company” or “Avino”) was incorporated in 1968 under the laws of the Province of British Columbia, Canada. The Company is engaged in the production and sale of silver, gold, and copper and the acquisition, exploration, and advancement of mineral properties.

The Company’s head office and principal place of business is Suite 900, 570 Granville Street, Vancouver, BC, Canada. The Company is a reporting issuer in Canada and the United States and trades on the TSX Venture Exchange (“TSX-V”), the NYSE MKT, and the Frankfurt and Berlin Stock Exchanges.

The Company owns interests in mineral properties located in Durango, Mexico as well as in British Columbia and the Yukon, Canada. On October 1, 2012, the Company commenced production of silver and gold at levels intended by management at its San Gonzalo mine in the state of Durango, Mexico.

2. BASIS OF PRESENTATION

Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

Basis of Presentation

These consolidated financial statements are expressed in Canadian dollars and have been prepared on a historical cost basis except for financial instruments that have been measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting on a going concern basis. The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements as if the policies have always been in effect.

Foreign Currency Translation

Functional currencies

The functional and presentation currency of the Company and its Canadian subsidiary is the Canadian dollar. The functional currency of the Company’s Mexican subsidiaries is the U.S. dollar which is determined to be the currency of the primary economic environment in which the subsidiaries operate.

Foreign currency transactions

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Foreign operations

Subsidiaries that have functional currencies other than the Canadian dollar translate their statement of operations items to Canadian dollars at the average rate during the year. Assets and liabilities are translated at exchange rates prevailing at the end of each reporting period. Exchange rate variations resulting from the retranslation at the closing rate of the net investment in these subsidiaries, together with differences between their statement of operations items translated at actual and average rates, are recognized in accumulated other comprehensive income (loss). On disposition or partial disposition of a foreign operation, the cumulative amount of related exchange difference is recognized in the statement of operations.

AVINO SILVER & GOLD MINES LTD.

Notes to the consolidated financial statements

For the years ended December 31, 2015, 2014 and 2013

(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (continued)

Significant Accounting Judgments and Estimates

The Company's management makes judgments in its process of applying the Company's accounting policies to the preparation of its consolidated financial statements. In addition, the preparation of financial data requires that the Company's management make assumptions and estimates of the impacts on the carrying amounts of the Company's assets and liabilities at the end of the reporting period from uncertain future events and on the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates as the estimation process is inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates and the resulting impacts on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

a) Critical judgments exercised by management in applying accounting policies that have the most significant effect on the amounts presented in these consolidated financial statements are as follows:

i. ***Economic recoverability and probability of future economic benefits from exploration and evaluation costs***

Management has determined that mine and camp, exploratory drilling, and other exploration and evaluation-related costs that were capitalized have future economic benefits and are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and metallurgic information, scoping studies, accessible facilities, existing permits, and mine plans.

ii. ***Commencement of production at levels intended by management***

Prior to reaching production levels intended by management, costs incurred are capitalized as part of the costs of related exploration and evaluation assets, and proceeds from concentrate sales are offset against costs capitalized. Depletion of capitalized costs for mining properties and depreciation of plant and equipment begin when operating levels intended by management have been reached. Management considers several factors in determining when a mining property has reached the intended production levels, including production capacity, recoveries, and number of uninterrupted production days. The results of operations of the Company during the periods presented in these consolidated financial statements have been impacted by management's determination that the San Gonzalo Mine had achieved production levels intended by management as of October 1, 2012, and that none of the Company's exploration and evaluation assets had achieved production levels intended by management as at December 31, 2015.

The basis for achievement of production levels intended by management as indicated by technical feasibility and commercial viability is generally established with proven reserves based on a NI 43-101-compliant technical report or a comparable resource statement and feasibility study, combined with pre-production operating statistics and other factors. In cases where the Company does not have a 43-101-compliant reserve report on which to base a production decision, the technical feasibility and commercial viability of extracting a mineral resource are considered in light of additional factors including but not limited to:

- Installation and consistent operation of all critical capital components. Capital components vary depending on the nature of the resource extraction and mineral processing methods (for example, milling operation or heap leach operation) and are generally included in the technical report for the mineral property;
- Proven ability of the mineral property to produce a saleable product, often evidenced by successful execution of a bulk sampling program;

AVINO SILVER & GOLD MINES LTD.

Notes to the consolidated financial statements

For the years ended December 31, 2015, 2014 and 2013

(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (continued)

Significant Accounting Judgments and Estimates (continued)

ii. Commencement of production at levels intended by management (continued)

- Mineral recoveries from sampling programs and test operations at, or above, levels necessary for profitable production;
- Availability of labour for all aspects of a sustainable mining operation, either through the Company's own workforce, the use of contractors, or a combination thereof;
- Achievement of consistent levels of resource output (through milling, leaching, or other methods) at a capacity determined by management in consultation with mining specialists to be within design capacity and economic to the mining operation; and
- An operating test period of suitable duration to provide evidence of the mine's ability to sustain ongoing uninterrupted production of economic mineralized material.

When technical feasibility and commercial viability are considered demonstrable according to the above criteria and other factors, the Company performs an impairment assessment and records an impairment loss, if any, before reclassifying exploration and evaluation costs to plant, equipment, and mining properties.

iii. Acquisition of Bralorne Gold Mines Ltd.

Management has determined that the acquisition of all of the outstanding shares of Bralorne Gold Mines Ltd. on October 20, 2014 (Note 8) was an asset acquisition for accounting purposes as the Bralorne Mine property was in the exploration and evaluation stage and had not demonstrated technical feasibility, commercial viability, or the ability to provide economic benefits.

iv. Functional currency

Management determines the functional currency of the parent company and of each subsidiary by evaluating the primary economic environment of each entity. The following primary and secondary indicators are considered in the determination of functional currencies:

Primary indicators

- The currency that mainly influences labour, material and other costs of providing services and/or metals concentrates, which is often the currency in which such costs are denominated; and,
- The main influences of sales prices for services and/or metals concentrates and the country whose competitive forces and regulations mainly determine selling prices.

Secondary indicators

- The currency in which funds from financing activities are generated; and,
- The currency in which receipts from operating activities are usually retained.

AVINO SILVER & GOLD MINES LTD.

Notes to the consolidated financial statements

For the years ended December 31, 2015, 2014 and 2013

(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (continued)

Significant Accounting Judgments and Estimates (continued)

b) Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made relate to, but are not limited to, the following:

i. *Stockpile and concentrate inventory valuations*

Concentrate and stockpile mineralized material are valued at the lower of average cost or net realizable value. The assumptions used in the valuation of concentrate and stockpile mineralized material include estimates of silver and gold contained in the stockpile and finished goods assumptions for the amount of silver and gold that is expected to be recovered from the concentrate. If these estimates or assumptions prove to be inaccurate, the Company could be required to write down the recorded value of its concentrate and stockpile mineralized material inventory, which would result in an increase in the Company's expenses and a reduction in its working capital.

ii. *Estimated reclamation provisions*

The Company's provision for reclamation represents management's best estimate of the present value of the future cash outflows required to settle estimated reclamation and closure costs at the Avino, San Gonzalo, and Bralorne properties. The provision reflects estimates of future costs, inflation, movements in foreign exchange rates and assumptions of risks associated with the future cash outflows, and the applicable risk-free interest rates for discounting the future cash outflows. Changes in the above factors could result in a change to the provision recognized by the Company.

Changes to reclamation and closure cost obligations are recorded with a corresponding change to the carrying amounts of the related exploration and evaluation assets or mining properties. Adjustments to the carrying amounts of related mining properties result in a change to future depletion expense.

iii. *Valuation of share-based payments*

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect fair value estimates and the Company's net income or net loss and its equity reserves.

AVINO SILVER & GOLD MINES LTD.

Notes to the consolidated financial statements

For the years ended December 31, 2015, 2014 and 2013

(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (continued)

Significant Accounting Judgments and Estimates (continued)

iv. *Impairment of plant, equipment, mining properties, and exploration and evaluation assets*

Management considers both external and internal sources of information in assessing whether there are any indications that the Company's plant, equipment, mining properties, and exploration and evaluation assets are impaired. External sources of information management considers include changes in the market, economic and legal environments, in which the Company operates, that are not within its control and that affect the recoverable amount of its plant, equipment and mining properties. Internal sources of information that management considers include the manner in which mining properties and plant and equipment are being used, or are expected to be used, and indications of economic performance of the assets.

In determining the recoverable amounts of the Company's plant, equipment, and mining properties, management makes estimates of the undiscounted future pre-tax cash flows expected to be derived from the Company's mining properties, and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future non expansionary capital expenditures, reductions in the amount of recoverable resources and exploration potential, and adverse current economic conditions are examples of factors that could result in a write down of the carrying amounts of the Company's plant, equipment, mining properties, and exploration and evaluation assets.

v. *Depreciation rate for plant and equipment and depletion rate for mining properties*

Depreciation and depletion expenses are allocated based on estimates for useful lives of assets. Should the asset life, depletion rates, or depreciation rates differ from the initial estimate, the revised life or rate would be reflected prospectively through profit and loss.

vi. *Recognition and measurement of deferred tax assets and liabilities*

Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. Forecasted cash flows from operations are based on projections internally developed and reviewed by management. Weight is attached to tax planning opportunities that are within the Company's control, and are feasible and implementable without significant obstacles. The likelihood that tax positions taken will be sustained upon examination by applicable tax authorities is assessed based on individual facts and circumstances of the relevant tax position evaluated in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that could materially affect the amounts of deferred tax assets and liabilities.

AVINO SILVER & GOLD MINES LTD.

Notes to the consolidated financial statements

For the years ended December 31, 2015, 2014 and 2013

(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (continued)**Basis of Consolidation**

The consolidated financial statements include the accounts of the Company and its Canadian and Mexican subsidiaries as follows:

Subsidiary	Ownership Interest	Jurisdiction	Nature of Operations
Oniva Silver and Gold Mines S.A. de C.V.	100%	Mexico	Mexican operations and administration
Promotora Avino, S.A. de C.V. ("Promotora")	79.09%	Mexico	Holding company
Compañía Minera Mexicana de Avino, S.A. de C.V. ("Avino Mexico")	98.45% direct 1.22% indirect (Promotora) 99.67% effective	Mexico	Mining and exploration
Bralorne Gold Mines Ltd.	100%	Canada	Mining and exploration

Intercompany balances and transactions, including unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

On October 20, 2014, the Company acquired a 100% ownership interest in Bralorne Gold Mines Ltd. ("Bralorne") (Note 8).

On August 26, 2015, the Company converted existing loans advanced to Avino Mexico into new additional shares, resulting in an increase of the Company's ownership by 0.01% to an effective 99.67%. The intercompany loans and investments are eliminated upon consolidation of the financial statements. The Company had a pre-existing effective ownership interest of 99.66% in Avino Mexico prior to the 0.01% increase. The issuance of shares to the Company by Avino Mexico on August 26, 2015, resulted in a reduction in the non-controlling interest from 0.34% to 0.33%.

Financial Instruments

All financial assets are initially recorded at fair value and classified into one of four categories: held to maturity, available for sale, loans and receivables, or fair value through profit or loss ("FVTPL"). All financial liabilities are initially recorded at fair value and classified as either FVTPL or other financial liabilities. Loans and receivables and other financial liabilities are subsequently measured at amortized cost. Financial instruments comprise cash and cash equivalents, amounts receivable, investments, reclamation bonds, accounts payable, amounts due to related parties, warrant liability, term facility, equipment loans, and finance lease obligations.

The Company has classified its cash and cash equivalents, investments, and warrant liability as FVTPL. Amounts receivable and reclamation bonds are classified as loans and receivables. Accounts payable, amounts due to related parties, term facility, equipment loans, and finance lease obligations are classified as other financial liabilities.

AVINO SILVER & GOLD MINES LTD.

Notes to the consolidated financial statements

For the years ended December 31, 2015, 2014 and 2013

(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (continued)

Financial Instruments (continued)

Subsequent to initial recognition, financial assets are measured in accordance with the following:

- (i) Financial assets classified as fair value through profit or loss are measured at fair value. All gains and losses resulting from changes in their fair value are included in net income in the period in which they arise.
- (ii) Held-to-maturity investments and loans and receivables are initially measured at fair value and subsequently measured at amortized cost. Amortization of premiums or discounts and transaction costs are amortized into net income, using the effective interest method less any impairment.
- (iii) Available-for-sale financial assets are measured at fair value, with unrealized gains and losses recorded in other comprehensive income until the asset is realized, at which time they will be recorded in net income. Other than temporary impairments on available-for-sale financial assets are recorded in net income.

Subsequent to initial recognition, financial liabilities are measured in accordance with the following:

- (i) Financial liabilities classified as other financial liabilities are initially recognized at fair value less transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or, where appropriate, a shorter period.
- (ii) Financial liabilities classified as fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as fair value through profit or loss. Fair value changes on financial liabilities classified as fair value through profit or loss are recognized in net income. At December 31, 2015, the Company classified share purchase warrants with an exercise price in U.S. dollars (see Note 15) as financial liabilities at fair value through profit or loss. As these warrants are exercised, the fair value of the recorded warrant liability on date of exercise is included in share capital along with the proceeds from the exercise. If these warrants expire, the related decrease in warrant liability is recognized in net income.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash.

AVINO SILVER & GOLD MINES LTD.

Notes to the consolidated financial statements

For the years ended December 31, 2015, 2014 and 2013

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES

Exploration and evaluation assets

The Company capitalizes all costs relating to the acquisition, exploration, and evaluation of mineral claims, and recognizes any proceeds received as a reduction of the cost of the related claims. The Company's capitalized exploration and evaluation are classified as intangible assets. Such costs include, but are not limited to, ramp advancement, camp costs, geophysical studies, exploratory drilling, and geological and sampling expenditures. Concentrate sales and costs thereof are included in exploration and evaluation costs prior to demonstrating the technical feasibility and commercial viability of extracting mineral resources. When the technical feasibility and commercial viability of extracting mineral resources have been demonstrated, these costs are assessed for impairment and are reclassified to mining properties and become subject to depletion. All capitalized exploration and evaluation expenditures are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that exploration expenditures are not expected to be recovered, the expenditures for the area of interest are written down and charged to operations. The aggregate costs related to abandoned mineral claims are charged to operations at the time of any abandonment. An impairment charge relating to a mineral claim may be subsequently reversed if new exploration results or actual or potential proceeds on sale or farm out of the property result in a revised estimate of the recoverable amount, but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

Borrowing costs incurred that are attributable to qualifying exploration and evaluation assets are capitalized and included in the carrying amounts of qualifying assets until those qualifying assets are ready for their intended use, which would generally occur upon the advancement of the project past the exploration and evaluation and development stages to production at levels intended by management. Borrowing costs are capitalized as incurred while activities and expenditures necessary to prepare the qualifying assets for intended use are in progress. All other borrowing costs are expensed in the period in which they are incurred. In the case of funds borrowed that are directly attributable to qualifying assets, the amount capitalized represents the actual borrowing costs incurred on the specific borrowings.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves or resources, the ability of the Company to obtain financing to establish a sustainable mining operation, and on future production or proceeds of disposition.

Plant, equipment, and mining properties

Upon demonstrating the technical feasibility and commercial viability of extracting mineral resources, all expenditures incurred to that date for the mine are reclassified to mining properties. Expenditures capitalized to mining properties include all costs related to obtaining or expanding access to resources including extensions of the haulage ramp and installation of underground infrastructure, and the estimated reclamation provision. Expenditures incurred with respect to a mining property are capitalized when it is probable that additional future economic benefits will flow to the Company. Otherwise, such expenditures are classified as a cost of production.

Plant and equipment are recorded at historical cost less accumulated depreciation and any accumulated impairment losses. Historical costs include expenditures that are directly attributable to bringing the asset to a location and condition necessary to operate in a manner intended by management. Such costs are accumulated as construction in progress until the asset is available for use, at which point the asset is classified as plant, equipment, and mining properties and depreciation commenced.

After the date that management's intended production levels have been achieved, mining properties are depleted using the straight-line method over the estimated remaining life of the mine. The Company estimates the remaining life of its producing mineral properties on an annual basis using a combination of quantitative and qualitative factors including historical results, mineral resource estimates, and management's intent to operate the property.

AVINO SILVER & GOLD MINES LTD.

Notes to the consolidated financial statements

For the years ended December 31, 2015, 2014 and 2013

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Plant, equipment, and mining properties (continued)

The Company does not have sufficient reserve information to form a basis for the application of the units-of-production method for depreciation and depletion. As at December 31, 2015, 2014 and 2013, the Company estimated a remaining mine life for San Gonzalo of 2.8 years, 4.8 years, and 5.8 years respectively.

Accumulated mill, machinery, plant facilities, and certain equipment are depreciated using the straight-line method over their estimated useful lives, not to exceed the life of the mine for any assets that are inseparable from the mine. When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (or components) of plant and equipment.

Plant and equipment are depreciated at the following annual rates:

Office equipment, furniture, and fixtures	20% declining balance
Computer equipment	30% declining balance
Mine machinery and transportation equipment	20% declining balance
Mill machinery and processing equipment	20 years straight line
Buildings	20 years straight line

Impairment

At each financial position reporting date, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, provided the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Leases

Leases in which the Company assumes substantially all risks and rewards of ownership are classified as finance leases. Assets held under finance leases are recognized at the lower of the fair value and present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. The corresponding liability is recognized as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation to achieve a constant rate of interest on the remaining liability. Finance charges are recorded as a finance expense within profit and loss, unless they are attributable to qualifying assets, in which case they are capitalized.

AVINO SILVER & GOLD MINES LTD.

Notes to the consolidated financial statements

For the years ended December 31, 2015, 2014 and 2013

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

Operating lease payments are recognized on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed, in which case that systematic basis is used. Operating lease payments are recorded within profit and loss unless they are attributable to qualifying assets, in which case they are capitalized.

Inventory

Material extracted from the Company's mine is classified as either process material or waste. Process material represents mineralized material that, at the time of extraction, the Company expects to process into a saleable form and sell at a profit, while waste is considered uneconomic to process and its extraction cost is included in direct mining costs. Raw materials are comprised of process material stockpiles. Process material is accumulated in stockpiles that are subsequently processed into bulk silver and gold concentrate in a saleable form. The Company has bulk silver and gold concentrate inventory in saleable form that has not yet been sold. Mine operating supplies represent commodity consumables and other raw materials used in the production process, as well as spare parts and other maintenance supplies that are not classified as capital items.

Inventories are valued at the lower of cost and net realizable value. Cost is determined on a weighted average basis and includes all costs incurred, based on normal production capacity, in bringing each product to its present location and condition. Cost of inventories comprises direct labor, materials and contractor expenses, depletion and depreciation on mining properties, plant and equipment, and an allocation of mine site costs. As mineralized material is removed for processing, costs are removed based on the average cost per tonne in the stockpile. Stockpiled process material tonnages are verified by periodic surveys.

Net realizable value ("NRV") of mineralized material is determined with reference to relevant market prices less applicable variable selling expenses and costs to bring the inventory into its saleable form. NRV of materials and supplies is generally calculated by reference to salvage or scrap values when it is determined that the supplies are obsolete. NRV provisions are recorded within cost of sales in the consolidated statement of operations, and are reversed to reflect subsequent recoveries where the inventory is still on hand.

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue and costs to sell can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and other sales tax or duty.

Revenue from the sale of concentrate is recognized upon delivery when the risks and rewards of ownership are transferred to the customer and neither continuing managerial involvement nor effective control remains over the goods sold. Revenue is based on quoted market prices of the London Bullion Market Association and the London Metal Exchange during the quotation period less treatment, refining and smelting charges, and penalties.

Metals contained in bulk concentrate sold to third parties are provisionally invoiced and the price is not settled until a predetermined contractual future date, typically one to three months after delivery to the customer, based on the market price of metals at that time. The Company enters into contracts that provide a provisional payment based upon provisional assays and quoted metal prices at the time of delivery. Revenues are recorded when title passes from the Company to the buyer based on spot prices at the time of delivery, and subsequently adjusted to market prices based on final settlement terms (including date).

Prior to the date that management's intended production levels have been achieved, concentrate sales of material drawn from exploration and evaluation properties are recorded net of extraction and related costs as a reduction of capitalized exploration and evaluation costs.

AVINO SILVER & GOLD MINES LTD.

Notes to the consolidated financial statements

For the years ended December 31, 2015, 2014 and 2013

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share capital

a) Common shares

Common shares are classified as equity. Transaction costs directly attributable to the issuance of common shares and equity warrants are recognized as a deduction from equity, net of any tax effects. Transaction costs directly attributable to derivative warrants are charged to operations as a finance cost.

b) Repurchase of share capital (treasury shares)

When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to accumulated deficit.

Share-based payment transactions

The Company's share option plan allows directors, officers, employees, and consultants to acquire common shares of the Company. All options granted are measured at fair value, and are recognized in expenses as share-based payments over the vesting period with a corresponding increase in equity reserves. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value of employee options is measured at the grant date, and each tranche is recognized using the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. Share options granted to non-employees or consultants are measured at the fair value of services received or indirectly by reference to the fair value of the options if the fair value of the services cannot be estimated reliably. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Reclamation and other provisions

Provisions are recognized where a legal or constructive obligation has been incurred as a result of past events, it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. If material, provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in any provision due to the passage of time is recognized as accretion expense.

The Company records the present value of estimated costs of legal and constructive obligations required to restore properties in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and restoration, reclamation and re-vegetation of affected areas.

The fair value of the liability for a rehabilitation provision is recorded when it is incurred. When the liability is initially recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related mining property or exploration and evaluation asset. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability, which is accreted over time through periodic charges to income or loss. A revision in estimates or new disturbance will result in an adjustment to the provision with an offsetting adjustment to the mineral property or the exploration and evaluation asset. Additional disturbances, changes in costs, or changes in assumptions are recognized as adjustments to the corresponding assets and reclamation liabilities when they occur.

AVINO SILVER & GOLD MINES LTD.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Earnings per share

The Company presents basic and diluted earnings per share data for its common shares, calculated by dividing the earnings attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted earnings per share is determined by adjusting the earnings attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all potentially dilutive common shares.

Income taxes

Income taxes in the years presented are comprised of current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized as equity.

Deferred tax is recognized using the statement of financial position asset and liability method, which provides for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax recognized is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are not recognized if the temporary differences arise from the initial recognition of goodwill or an asset or liability in a transaction other than a business combination that affects neither accounting profit nor taxable profit.

4. RECENT ACCOUNTING PRONOUNCEMENTS

The following accounting policies were adopted by the Company during the year:

Annual improvements

In December 2013, the IASB issued the Annual Improvements 2010-2012 and 2011-2013 cycles, effective for annual periods beginning on or after July 1, 2014.

The following accounting standards were issued but not yet effective as of December 31, 2015:

IFRS 15 – Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition. The standard is effective for annual periods beginning on or after January 1, 2018. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

IFRS 9 – Financial Instruments

The IASB intends to replace IAS 39 – Financial Instruments: Recognition and Measurement in its entirety with IFRS 9 – Financial Instruments ("IFRS 9") which is intended to reduce the complexity in the classification and measurement of financial instruments. The standard is effective for annual periods beginning on or after January 1, 2018. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

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4. RECENT ACCOUNTING PRONOUNCEMENTS (continued)

IFRS 7 Financial instruments: Disclosure

IFRS 7 was amended to require additional disclosures on transition from IAS 39 to IFRS 9. The standard is effective on adoption of IFRS 9, which is effective for annual periods commencing on or after January 1, 2018. The Company is currently evaluating the impact this standard is expected to have on its consolidated financial statements.

IFRS 10 Consolidated Financial Statements

The amendments to IFRS 10 will require a full gain or loss to be recognized when a transaction involves a business (whether it is housed in a subsidiary or not), while a partial gain or loss would be recognized when a transaction involves assets that do not constitute a business, even if the assets are housed in a subsidiary. The amendments are effective for transactions occurring in annual periods beginning on or after January 1, 2016. The Company is currently evaluating the impact these amendments are expected to have on its consolidated financial statements.

IFRS 16 Leases

IFRS 16 was issued on January 13, 2016, and will be effective for accounting periods beginning on or after January 1, 2019. Early adoption is permitted, provided the Company has adopted IFRS 15. This standard sets out a new model for lease accounting. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

Annual improvements

In September 2014, the IASB issued the Annual Improvements 2012-2014 cycle, effective for annual periods beginning on or after July 1, 2016. These annual improvements made necessary but non-urgent amendments to existing IFRSs. These amendments are not expected to have a significant impact on the Company's consolidated financial statements.

5. TAXES RECOVERABLE

The Company's taxes recoverable consist of the Mexican I.V.A. ("VAT") and income taxes recoverable and Canadian sales taxes ("GST/HST") recoverable.

	2015	2014
VAT recoverable	\$ 1,641,023	\$ 1,510,812
Income taxes recoverable	1,240,685	-
GST/HST recoverable	171,327	147,805
Total taxes recoverable	\$ 3,053,035	\$ 1,658,617

6. INVENTORY

	2015	2014
Concentrate inventory	\$ 221,437	\$ 349,627
Process material stockpiles	3,369,961	2,730,816
Materials and supplies	1,020,836	723,698
	\$ 4,612,234	\$ 3,804,141

The amount of inventory recognized as an expense for the year ended December 31, 2015 totalled \$10,961,694 (2014 – \$11,393,404; 2013 - \$8,968,409), and includes production costs and depreciation and depletion directly attributable to the inventory production process.

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7. EXPLORATION AND EVALUATION ASSETS

The Company has accumulated the following acquisition, exploration and evaluation costs which are not subject to depletion:

	Durango, Mexico	British Columbia, Canada	Yukon, Canada	Total
Balance, January 1, 2014	\$ 15,686,172	\$ 3	\$ 1	\$ 15,686,176
Acquisition	-	9,752,300	-	9,752,300
Costs incurred during 2014:				
Mine and camp costs	4,099,672	1,323,105	-	5,422,777
Drilling and exploration	870,562	368,081	-	1,238,643
Depreciation of plant and equipment	495,847	-	-	495,847
Effect of movements in exchange rates	407,455	-	-	407,455
Assessments and taxes	164,127	678	-	164,805
Geological and related services	68,328	85,425	-	153,753
Assays	-	16,088	-	16,088
Sale of concentrate	(2,510,304)	(918,320)	-	(3,428,624)
Balance, December 31, 2014	\$ 19,281,859	\$ 10,627,360	\$ 1	\$ 29,909,220
Acquisition	-	-	-	-
Costs incurred during 2015:				
Mine and camp costs	20,171,792	5,233,511	-	25,405,303
Provision for reclamation	-	3,860,437	-	3,860,437
Effect of movements in exchange rates	1,560,711	-	-	1,560,711
Depreciation of plant and equipment	1,002,747	153,575	-	1,156,322
Drilling and exploration	81,545	700,920	-	782,465
Interest and financing costs	240,338	259,659	-	499,997
Geological and related services	119,262	133,331	-	252,593
Assessments and taxes	137,586	41,909	-	179,495
Assays	-	45,727	-	45,727
Sale of concentrate	(21,501,272)	(774,024)	-	(22,275,296)
Balance, December 31, 2015	\$ 21,094,568	\$ 20,282,405	\$ 1	\$ 41,376,974

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7. EXPLORATION AND EVALUATION ASSETS (continued)

Additional information on the Company's exploration and evaluation properties by region is as follows:

(a) Durango, Mexico

The Company's subsidiary Avino Mexico owns 42 mineral claims and leases four mineral claims in the state of Durango, Mexico. The Company's mineral claims in Mexico are divided into the following four groups:

(i) Avino mine area property

The Avino mine area property is situated around the towns of Panuco de Coronado and San Jose de Avino and surrounding the historic Avino mine site. There are four exploration concessions covering 154.4 hectares, 24 exploitation concessions covering 1,284.7 hectares, and one leased exploitation concession covering 98.83 hectares. Within the Avino mine site area is the Company's San Gonzalo mine which achieved production levels intended by management as of October 1, 2012, and on that date accumulated exploration and evaluation costs for the San Gonzalo mine were transferred to mining properties.

(ii) Gomez Palacio property

The Gomez Palacio property is located near the town of Gomez Palacio, and consists of nine exploration concessions covering 2,549 hectares.

(iii) Santiago Papasquiari property

The Santiago Papasquiari property is located near the village of Santiago Papasquiari, and consists of four exploration concessions covering 2,552.6 hectares and one exploitation concession covering 602.9 hectares.

(iv) Unification La Platosa properties

The Unification La Platosa properties, consisting of three leased concessions in addition to the leased concession described in note (i) above, are situated within the Avino mine area property near the towns of Panuco de Coronado and San Jose de Avino and surrounding the Avino mine.

In February 2012, the Company's wholly-owned Mexican subsidiary entered into a new agreement with Minerales de Avino, S.A. de C.V. ("Minerales") whereby Minerales has indirectly granted to the Company the exclusive right to explore and mine the La Platosa property known as the "ET zone".

Under the agreement, the Company has obtained the exclusive right to explore and mine the property for an initial period of 15 years, with the option to extend the agreement for another 5 years.

The Company has agreed to pay to Minerales a royalty equal to 3.5% of net smelter returns ("NSR"). Minerales has also granted to the Company the exclusive right to purchase a 100% interest in the property at any time during the term of the agreement (or any renewal thereof), upon payment of US\$8 million within 15 days of the Company's notice of election to acquire the property. The purchase would be subject to a separate purchase agreement for the legal transfer of the property.

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7. EXPLORATION AND EVALUATION ASSETS (continued)

(a) Durango, Mexico (continued)

(iv) Unification La Platosa properties (continued)

The Company continues to assess its development activities at the ET zone with reference to guidance for development of mineral projects and eventual production from those projects should expected development activities prove successful. The Company's annual financial statements cite a number of factors requiring management judgment that are considered in the decision of whether a mineral project is in the condition necessary for it to be capable of operating in the manner intended by management, including factors which support both technical feasibility and commercial viability of a project. In the periods before management determines technical feasibility and commercial viability have been achieved, the Company records in its statement of financial position the costs of extracting and processing mineralized material from the ET zone as exploration and evaluation costs, and records a reduction to the carrying value of those costs for any proceeds from sales of ET zone concentrate. During the year ended December 31, 2015, the Company reduced its exploration and evaluation costs in the consolidated statement of financial position by \$21,501,272 (US\$15,535,601) for sales of 7,695 tonnes of ET zone copper/silver/gold concentrate.

(b) British Columbia, Canada

(i) Bralorne Mine

The Company owns a 100% undivided interest in certain mineral properties located in the Lillooet Mining Division. There is an underlying agreement on 12 crown grants in which the Company is required to pay 1.6385% of net smelter proceeds of production from the claims, and pay fifty cents (\$0.50) per ton of ore produced from these claims if the ore grade exceeds 0.75 ounces per ton gold. The shares of Bralorne Gold Mines Ltd. (the 100%-owned subsidiary which holds title to the Bralorne Mine property) are registered as security for the US\$10,000,000 term facility (Note 13).

(ii) The Company's mineral claims in British Columbia encompass two additional properties, Minto and Olympic-Kelvin, each of which consists of 100% owned Crown-granted mineral claims located in the Lillooet Mining Division.

(c) Yukon, Canada

The Company has a 100% interest in 14 quartz leases located in the Mayo Mining Division of Yukon, Canada which collectively comprise the Eagle property. In January 2012, the Company entered into an option agreement on the Eagle property (Note 9), under which the optionee was required to make cash payments, incur exploration expenditures, and issue shares to the Company in order to earn a 75% interest in the property. During the year ended December 31, 2015, the optionee withdrew from the option agreement, and the entire interest in the property reverted back to the Company.

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8. ACQUISITION OF BRALORNE GOLD MINES LTD.

In October 2014, Avino acquired all of the outstanding common shares of Bralorne Gold Mines ("Bralorne"), which Avino did not already own, by way of a plan of arrangement under the Business Corporations Act (British Columbia). All unexercised outstanding stock options of Bralorne were cancelled. Bralorne's common shares were delisted from the TSX Venture Exchange and the OTCQX.

The transaction was accounted for as an asset acquisition as the Bralorne Mine property was in the exploration and evaluation stage and had not demonstrated technical feasibility, commercial viability, or the ability to provide economic benefits. Bralorne's primary asset, the Bralorne Mine property, did not have the workforce, resources and reserves, mine plan, or financial resources to meet the definition of a business for accounting purposes.

The consideration for the acquisition of Bralorne by Avino consisted of:

- \$4,535,373 by issuance of 2,636,845 common shares valued at the closing price of Avino's shares of \$1.72 per share on the transaction date;
- \$2,624,592 carrying value of the equity interest in Bralorne (9,679,149 common shares) immediately before the transaction date; and
- \$986,825 of transaction costs incurred by Avino, including investment advisor fees, legal and accounting fees, directors' fees for the special committees of Avino and Bralorne, independent fairness opinions, and other acquisition-related costs.

The purchase consideration is summarized as follows:

2,636,845 Avino shares at their fair value of \$1.72 per share	\$	4,535,373
Carrying value of equity interest in Bralorne (9,679,149 common shares)		2,624,592
Transaction costs		986,825
	\$	8,146,790

The purchase consideration was assigned based on the relative fair values of the assets acquired and liabilities assumed as follows:

Cash	\$	92,792
Amounts receivable		13,293
Sales taxes recoverable		42,543
Amounts due from related parties		1,118
Reclamation bonds		140,000
Exploration and evaluation assets		9,752,300
Equipment		88,534
Loan payable		(1,271,633)
Accounts payable and accrued liabilities		(614,157)
Reclamation provision		(98,000)
	\$	8,146,790

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9. MINERAL PROPERTY OPTION AGREEMENTS

During the year ended December 31, 2015, the Company had one option agreement described below, under which the optionee relinquished its interest during the year. Consequently, at December 31, 2015, the Company had no mineral property option agreements.

In January 2012, the Company entered into an option agreement with Avaron Mining Corp. ("Avaron"), a private Canadian company, whereby Avaron could have earned the exclusive right and option to acquire a 100% title to and interest in the Company's Eagle property located in Yukon, Canada.

In April 2013, the option agreement was assigned to Benz Mining Corp. ("Benz"), a Canadian public company, pursuant to the terms of an option purchase and assignment agreement dated November 30, 2012. Pursuant to the agreement, Benz acquired all of Avaron's interest in the option agreement between Avaron and Avino. As consideration for Avino's consent to the agreement, Benz and Avaron issued to Avino 50,000 common shares with a fair value of \$14,500 (Note 12) and 250,000 common shares with a fair value of \$25,000 respectively. The terms of the agreement allowed Benz to earn a 75% interest by making total cash payments of \$350,000, issuing 550,000 common shares, incurring exploration costs of \$100,000, and drilling 35,000 meters (or incurring exploration costs of up to \$7,100,000) as follows:

	Cash	Exploration Expenditures	Number of Shares
On approval of the agreement by TSX (received)	\$ –	\$ –	50,000
On or before January 31, 2014 (incurred)	–	100,000	–
On or before January 31, 2015 (not paid or incurred)	100,000	625,000	–
On or before January 31, 2016	100,000	1,000,000	250,000
On or before January 31, 2017	50,000	2,000,000	250,000
On or before January 31, 2018	100,000	3,375,000	–
	<u>\$ 350,000</u>	<u>\$ 7,100,000</u>	<u>550,000</u>

After the initial 75% interest is earned, Benz could have elected to either form a Joint Venture with the Company, or to earn the remaining 25% interest by paying a series of annual advance royalties and completing other activities as defined in the option agreement.

Upon signing the original agreement with Avaron, the Company received a cash payment of \$25,000 and 150,000 common shares of Avaron. Of the cash payment, \$5,143 was recorded as a reduction to the carrying value of the Eagle property, resulting in a carrying value of \$1 for the Eagle property within exploration and evaluation assets. The remaining cash proceeds of \$19,857 were recorded as option income along with the \$15,000 fair value of the 150,000 common shares.

During the year ended December 31, 2015, Benz opted out of the option agreement, and the Company retains a 100% interest in the Eagle property as at December 31, 2015.

10. NON-CONTROLLING INTEREST

At December 31, 2015, the Company had an effective 99.67% (2014 - 99.66%) interest in its subsidiary Avino Mexico and the remaining 0.33% (2014 - 0.34%) interest represents a non-controlling interest. The accumulated deficit and current year income attributable to the non-controlling interest are insignificant and accordingly have not been recognized in the consolidated financial statements.

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11. PLANT, EQUIPMENT, AND MINING PROPERTIES

	Mining properties	Office equipment, furniture, and fixtures	Computer equipment	Mine machinery and transportation equipment	Mill machinery and processing equipment	Buildings	Total
	\$	\$	\$	\$	\$	\$	\$
COST							
Balance at January 1, 2014	3,433,028	46,141	117,457	4,802,001	2,540,541	1,425,044	12,364,212
Additions	808,713	15,663	96,138	3,290,323	4,252,272	117,800	8,580,909
Effect of movements in exchange rates	276,388	3,715	9,456	381,830	281,947	42,088	995,424
Balance at December 31, 2014	4,518,129	65,519	223,051	8,474,154	7,074,760	1,584,932	21,940,545
Additions	799,208	14,972	47,701	4,088,146	1,817,862	154,394	6,922,283
Effect of movements in exchange rates	810,601	11,755	40,018	1,520,355	1,269,289	284,354	3,936,372
Balance at December 31, 2015	6,127,938	92,246	310,770	14,082,655	10,161,911	2,023,680	32,799,200
ACCUMULATED DEPLETION AND DEPRECIATION							
Balance at January 1, 2014	221,779	13,609	36,181	916,345	221,385	390,296	1,799,595
Additions	533,465	7,657	29,610	1,008,949	204,881	37,990	1,822,552
Effect of movements in exchange rates	17,855	1,096	2,913	73,775	17,823	31,423	144,885
Balance at December 31, 2014	773,099	22,362	68,704	1,999,069	444,089	459,709	3,767,032
Additions	708,020	11,299	41,839	1,464,662	331,726	65,741	2,623,287
Effect of movements in exchange rates	138,703	4,012	12,326	358,656	79,674	82,477	675,848
Balance at December 31, 2015	1,619,822	37,673	122,869	3,822,387	855,489	607,927	7,066,167
NET BOOK VALUE							
At December 31, 2015	4,508,116	54,573	187,901	10,260,268	9,306,422	1,415,753	25,733,033
At December 31, 2014	3,745,030	43,157	154,347	6,475,085	6,630,671	1,125,223	18,173,513

Plant, equipment, and mining properties includes \$526,033 as at December 31, 2015 (December 31, 2014 - \$892,172), on which no depreciation was charged in the years then ended.

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12. INVESTMENTS

The Company classifies its investments as long-term investments designated at fair value through profit and loss, except for investments in shares of private companies which are measured at cost as they do not have a quoted price in an active market and their fair value cannot be reliably measured.

Investments are summarized as follows:

	Cost	Accumulated Unrealized Gains (Losses)	Fair Value December 31, 2015	Fair Value December 31, 2014
(a) Avaron Mining Corp.	\$ 40,000	\$ (40,000)	\$ -	\$40,000
(b) Benz Mining Corp.	14,500	(12,500)	2,000	20,000
(c) Levon Resources Ltd.	803	11,905	12,708	33,888
(c) SciVac Therapeutics Inc.	3,433	20,571	24,004	-
(d) Oniva International Services Corp.	1	(1)	-	1
	\$ 58,737	\$ (20,025)	\$ 38,712	\$ 93,889

During the year ended December 31, 2015, the Company recorded a \$55,177 unrealized loss (2014 - \$385 gain, 2013 - \$99,833 loss) on investments, representing the change in fair value during the period.

(a) *Avaron Mining Corp. ("Avaron")*

In January 2012, the Company acquired 150,000 common shares of Avaron at a cost of \$15,000. In April 2013, Avino received an additional 250,000 common shares at a cost of \$25,000. During the year ended December 31, 2015, the carrying value of the Avaron shares was written down to \$Nil.

(b) *Benz Mining Corp. ("Benz")*

In April 2013, the Company acquired 50,000 common shares of Benz, and the value assigned at the time to the investment was based on the market price of Benz's common shares on the date the agreement was entered into.

(c) *Levon Resources Ltd. ("Levon")*

The Company's investment in Levon consists of 70,600 common shares with a quoted market value of \$12,708 as at December 31, 2015 (December 31, 2014 – 141,200 common shares with a quoted market value of \$33,888). During the year ended December 31, 2015, the Company and Levon ceased to be related after changes to Levon management and the termination of shared administrative services.

During the year ended December 31, 2015, Levon completed a transaction with SciVac Therapeutics Inc. ("SciVac") resulting in the exchange of 1/2 of a common share of Levon for each previous Levon common share held, and the issuance of one new SciVac common share for each previous Levon common share held.

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12. INVESTMENTS (continued)

(d) *Oniva International Services Corp. ("Oniva")*

Prior to December 2015, the Company held a 1/5 indirect beneficial ownership interest in Oniva International Services Corp. ("Oniva"), with four other companies holding equal 1/5 indirect beneficial ownership interests. David Wolfen and Malcolm Davidson, the Company's CEO and CFO, serve as directors of Oniva, and certain of the Company's directors and officers also serve in those capacities in the four other companies. The companies' interests in Oniva were held in trust by David Wolfen until November 2015, when the beneficial ownership interests were dissolved, and legal and beneficial ownership was then solely held by Mr. Wolfen. See Note 14(c) for a description of transactions with Oniva and Note 23 for disclosure of the Company's commitments with Oniva.

13. TERM FACILITY

In July 2015, the Company entered into a term facility with Samsung C&T U.K. Limited ("Samsung"). Pursuant to the agreement, in August 2015 Avino commenced selling concentrates produced during ramp advancement and ongoing evaluation and extraction at the Avino Mine on an exclusive basis to Samsung, which will continue for a period of 24 months, and Samsung made a payment of US\$10,000,000 in respect of the facility. Samsung pays for the concentrates at the prevailing metal prices for their silver, copper, and gold content at or about the time of delivery, less treatment, refining, shipping and insurance charges. Interest is charged on the facility at a rate of U.S. dollar LIBOR (3 month) plus 4.75%, and the facility will be repaid in 15 consecutive equal monthly instalments starting in June 2016. The facility is secured by the concentrates produced under the agreement and by the common shares of the Company's wholly-owned subsidiary Bralorne Gold Mines Ltd. The facility with Samsung relates to the sale of concentrates produced from the Avino Mine only and does not include concentrates produced from the San Gonzalo Mine.

14. RELATED PARTY TRANSACTIONS AND BALANCES

All related party transactions are recorded at the exchange amount which is the amount agreed to by the Company and the related party.

(a) *Key management personnel*

The Company has identified its directors and certain senior officers as its key management personnel. The compensation costs for key management personnel for the years ended December 31, 2015, 2014, and 2013 were as follows:

	2015	2014	2013
Salaries, benefits, and consulting fees	\$ 1,700,364	\$ 957,900	\$ 779,571
Share-based payments	-	645,750	420,450
	\$ 1,700,364	\$ 1,603,650	\$ 1,200,021

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14. RELATED PARTY TRANSACTIONS AND BALANCES (continued)**(b) Amounts due to/from related parties**

In the normal course of operations the Company transacts with companies related to Avino's directors or officers. All amounts payable and receivable are non-interest bearing, unsecured and due on demand. Advances to Oniva International Services Corp. of \$187,532 (December 31, 2014 - \$121,639) for expenditures to be incurred on behalf of the Company are included in prepaid expenses and other assets on the consolidated statements of financial position. As at December 31, 2015 and 2014, the following amounts were due to related parties:

	December 31, 2015	December 31, 2014
Oniva International Services Corp.	\$ 164,285	\$ 171,650
Directors	47,741	19,259
Jasman Yee & Associates, Inc.	5,796	4,032
Intermark Capital Corp.	-	21,875
Wear Wolfin Designs Ltd.	-	5,250
	<u>\$ 217,822</u>	<u>\$ 222,066</u>

(c) Other related party transactions

The Company has a cost sharing agreement with Oniva International Services Corp. ("Oniva") for office and administration services. Pursuant to the cost sharing agreement, the Company will reimburse Oniva for the Company's percentage of overhead and corporate expenses and for out-of-pocket expenses incurred on behalf of the Company. The cost sharing agreement may be terminated with one-month notice by either party without penalty.

The transactions with Oniva during the years ended December 31, 2015, 2014 and 2013 are summarized below:

	2015	2014	2013
Salaries and benefits	\$ 309,593	\$ 316,281	\$ 309,816
Office and miscellaneous	502,089	428,019	292,008
Exploration and evaluation assets	311,002	-	-
	<u>\$ 1,122,684</u>	<u>\$ 744,300</u>	<u>\$ 601,824</u>

Salaries and benefits above includes \$9,593 (2014 - \$48,424, 2013 - \$121,663) for key management personnel compensation that has been included in Note 14(a).

For services provided to the Company as President and Chief Executive Officer, the Company pays Intermark Capital Corporation ("ICC"), a company controlled by David Wolfin, for consulting services. For the years ended December 31, 2015, 2014 and 2013, the Company paid \$793,200, \$433,333, and \$300,000 respectively to ICC.

The Company pays Jasman Yee & Associates, Inc. ("JYAI") for operational, managerial, metallurgical, engineering and consulting services related to the Company's activities. JYAI's managing director is a director of the Company. For the years ended December 31, 2015, 2014 and 2013, the Company paid \$176,640, \$74,160, and \$75,014 respectively to JYAI.

The Company pays Wear Wolfin Designs Ltd. ("WWD"), a company whose director is the brother-in-law of David Wolfin, for financial consulting services related to ongoing consultation with stakeholders and license holders. For the years ended December 31, 2015, 2014 and 2013, the Company paid \$30,000, \$30,000, and \$30,000 respectively to WWD.

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15. WARRANT LIABILITY

The Company's warrant liability arises as a result of the issuance of warrants exercisable in U.S. dollars. As the denomination is different from the Canadian dollar functional currency of the entity issuing the underlying shares, the Company recognizes a derivative liability for these warrants and re-measures the liability at the end of each reporting period using the Black-Scholes model.

A reconciliation of the changes in the warrant liability during the year is as follows:

	December 31, 2015	December 31, 2014
Balance at beginning of the year	\$ 239,690	\$ -
Fair value adjustment	(239,690)	(1,055,957)
Recognition upon issuance	-	1,295,647
Balance at end of the year	\$ -	\$ 239,690

Continuity of derivative warrants during the year is as follows:

	Underlying Shares	Weighted Average Exercise Price
Derivative warrants outstanding and exercisable, December 31, 2014	-	-
Issued	1,033,059	US\$2.87
Derivative warrants outstanding and exercisable, December 31, 2015	1,033,059	US\$2.87

Derivative warrants outstanding and exercisable as at December 31, 2015 are as follows:

Expiry Date	Exercise Price per Share	Derivative Warrants Outstanding and Exercisable	
		December 31, 2015	December 31, 2014
February 25, 2017	US\$2.87	1,033,059	1,033,059

As at December 31, 2015, the weighted average remaining contractual life of warrants outstanding was 1.14 years.

Valuation of the warrant liability requires the use of highly subjective estimates and assumptions including the expected stock price volatility. The expected volatility used in valuing warrants is based on volatility observed in historical periods. Changes in the underlying assumptions can materially affect the fair value estimates. The fair value of the warrant liability was calculated using the Black-Scholes model with the following weighted average assumptions and resulting fair values:

	December 31, 2015	December 31, 2014
Weighted average assumptions:		
Risk-free interest rate	0.48%	1.00%
Expected dividend yield	0%	0%
Expected option life (years)	1.14	2.14
Expected stock price volatility	46.02%	66.42%
Weighted average fair value	\$0.00	\$0.23

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16. EQUIPMENT LOANS

The Company has entered into loans for mining equipment maturing in June 2018 and December 2020 with fixed interest rates of 4.35% and 4.75% per annum. The Company's obligations under the loans are secured by the mining equipment. As at December 31, 2015, plant, equipment and mining properties includes a net carrying amount of \$977,582 (December 31, 2014 - \$nil) for this mining equipment.

The contractual maturities and interest charges in respect of the Company's obligations under the equipment loans are as follows:

	December 31, 2015	December 31, 2014
Not later than one year	\$ 261,386	\$ -
Later than one year and not later than five years	784,595	-
Less: Future interest charges	(91,871)	-
Present value of loan payments	954,110	-
Less: Current portion	(222,192)	-
Non-current portion	\$ 731,918	\$ -

The equipment loan credit facilities are a component of the master credit facilities described in Note 17.

17. FINANCE LEASE OBLIGATIONS

The Company has entered into mining equipment leases expiring between 2016 and 2020 with interest rates ranging from 3.71% to 12.90% per annum. The Company has the option to purchase the mining equipment at the end of the lease term for a nominal amount. The Company's obligations under finance leases are secured by the lessor's title to the leased assets. Plant and equipment includes a net carrying amount of \$8,162,189 (2014 - \$5,322,510) for this leased mining equipment.

The contractual maturities and interest charges in respect of the Company's finance lease obligations are as follows:

	December 31, 2015	December 31, 2014
Not later than one year	\$ 1,960,844	\$ 1,362,766
Later than one year and not later than five years	2,464,106	2,216,930
Less: Future interest charges	(303,669)	(280,360)
Present value of minimum lease payments	4,121,281	3,299,336
Less: Current portion	(1,815,747)	(1,292,326)
Non-current portion	\$ 2,305,534	\$ 2,007,010

The Company has two master credit facilities with equipment suppliers for a total of US\$10,375,400. The facilities are used to acquire equipment necessary for advancing operations at the San Gonzalo Mine and for continuing exploration and evaluation activities at the Avino Mine and the Bralorne Mine. As of December 31, 2015, the Company had US\$5,830,282 in available credit remaining under these facilities.

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18. RECLAMATION PROVISION

Management's estimate of the reclamation provision at December 31, 2015 is \$6,047,369 (December 31, 2014 - \$2,005,881), and the undiscounted value of the obligation is \$6,790,812 (December 31, 2014 - \$2,269,534).

The present value of the obligation in Mexico was calculated using a risk-free interest rate of 7% (December 31, 2014 - 7%) and an inflation rate of 4.25% (December 31, 2014 - 4.25%). Reclamation activities are estimated to begin in 2019 for San Gonzalo and in 2023 for the Avino Mine.

The present value of the obligation for Bralorne was calculated using a risk-free interest rate of 3% (December 31, 2014 - 7%) and an inflation rate of 2.45% (December 31, 2014 - 1.99%). Reclamation activities are estimated to begin in 2021.

A reconciliation of the changes in the reclamation provision during the years is as follows:

	December 31, 2015	December 31, 2014
Balance at beginning of the year	\$ 2,005,881	\$ 1,833,938
New provision recognized for the Bralorne Mine project	3,860,437	-
Unwinding of discount	136,925	131,787
Effect of movements in exchange rates	44,126	(57,844)
Provision recognized on acquisition of Bralorne	-	98,000
Balance at end of the year	\$ 6,047,369	\$ 2,005,881

19. SHARE CAPITAL

(a) Authorized: Unlimited common shares without par value.

(b) Issued:

- (i) During the year ended December 31, 2015, the Company continued to issue shares in an at-the-market offering under prospectus supplements, the latest of which was filed on May 27, 2015 for up to US\$6,000,000. The Company sold an aggregate of 1,001,196 common shares at an average price of \$1.55 (US\$1.26) per common share for gross proceeds of \$1,551,095 (US\$1,260,963) during the year ended December 31, 2015.

The Company paid a 3% cash commission on the gross proceeds in the amount of \$46,533 (US\$37,828) and incurred additional accounting, legal and regulatory costs of \$58,763.

- (ii) During the year ended December 31, 2015, the Company issued 922,000 common shares upon the exercise of stock options for gross proceeds of \$937,740.

- (iii) As at December 31, 2014, the Company sold an aggregate of 375,851 common shares at an average price of \$2.26 (US\$2.08) per common share for gross proceeds of \$850,430 (US\$783,117) in an at-the-market offering issued under a prospectus supplement of up to US\$25,000,000, which was filed on July 7, 2014.

The Company paid 3% cash commission on the gross proceeds in the amount of \$25,513 (US\$23,493) and incurred additional accounting, legal and regulatory costs of \$3,276.

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19. SHARE CAPITAL (continued)

(b) Issued: (continued)

- (iv) In February, 2014, the Company closed an at-the-market brokered public offering issuing 2,540,709 common shares at an average price of \$2.50 (US\$2.26) per common share for gross proceeds of \$6,340,523 (US\$5,741,668).

The Company paid a 3% cash commission on the gross proceeds in the amount of \$190,216 (US\$172,250) and incurred additional accounting, legal and regulatory costs of \$167,871.

- (v) In February 2014, the Company closed a brokered private placement issuing 2,066,117 units at a price of \$2.69 (US\$2.42) per unit for gross proceeds of \$5,566,504 (US\$5,000,000). Each unit is comprised of one common share and one-half of a transferrable share purchase warrant. Each share purchase warrant is exercisable at a price of US\$2.87 per warrant into one-half of a common share until February 25, 2017. If the volume weighted average closing market price for the Company's common shares on the NYSE MKT is greater than USD\$6.85 per share for a period of 20 consecutive trading days, then the Company may deliver a notice to the warrant holder notifying such holder that the warrants must be exercised within 30 days from the date of delivery of such notice, otherwise the warrants will expire on the thirty-first day after the date of delivery of the notice.

Of the \$5,566,504 total aggregate proceeds raised in this financing, the \$1,295,647 fair value of the warrants was attributed to warrant liability (Note 14) and the residual amount of \$4,270,857 was attributed to common shares.

The Company incurred finance costs of \$129,953 (recorded as a charge in the statement of operations) with respect to the issuance of warrants in this private placement and share issuance costs of \$426,661 (recorded as a charge to share capital) with respect to the shares issued in this private placement.

- (vi) During the year ended December 31, 2014, the Company issued 266,457 common shares upon the exercise of stock options for gross proceeds of \$307,937.

(c) Warrants:

During the years ended December 31, 2015 and 2014 there were no warrants exercised. There were 1,033,059 warrants issued during the year ended December 31, 2014 as summarized in Note 15.

(d) Stock options:

The Company has a stock option plan to purchase the Company's common shares, under which it may grant stock options of up to 10% of the Company's total number of shares issued and outstanding on a non-diluted basis. The stock option plan provides for the granting of stock options to directors, officers, and employees (up to a limit of 5%), and to persons providing investor relations or consulting services (up to a limit of 2%), the limits being based on the Company's total number of issued and outstanding shares per year. The stock options vest on the date of grant, except for those issued to persons providing investor relations services, which vest over a period of one year. The option price must be greater than or equal to the discounted market price on the grant date, and the option term cannot exceed five years from the grant date.

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19. SHARE CAPITAL (continued)

(d) Stock options: (continued)

Continuity of stock options for the years ended December 31, 2015 and 2014 is as follows:

	Underlying Shares	Weighted Average Exercise Price
Stock options outstanding and exercisable, January 1, 2014	2,642,957	\$1.16
Granted	1,035,000	\$1.90
Forfeited	(50,000)	\$1.15
Exercised	(266,457)	\$1.16
Stock options outstanding and exercisable, December 31, 2014	3,361,500	\$1.39
Granted	50,000	\$1.32
Forfeited	(50,000)	\$1.90
Exercised	(922,000)	\$1.02
Stock options outstanding and exercisable, December 31, 2015	2,439,500	\$1.52

As at December 31, 2015, the weighted average remaining contractual life of stock options outstanding was 2.38 years.

Details of stock options outstanding and exercisable are as follows:

Expiry Date	Exercise Price	Stock Options Outstanding	
		December 31, 2015	December 31, 2014
January 14, 2015	\$0.81	-	45,000
September 10, 2015	\$1.05	-	225,000
January 18, 2016	\$1.02	204,500	806,500
September 30, 2016	\$1.02	645,000	695,000
February 18, 2018	\$1.60	195,000	195,000
September 9, 2018	\$1.62	360,000	360,000
September 19, 2019	\$1.90	855,000	855,000
December 22, 2019	\$1.90	130,000	180,000
September 29, 2020	\$1.32	50,000	-
		2,439,500	3,361,500

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19. SHARE CAPITAL (continued)

(e) Earnings per share:

The calculations for earnings per share and diluted earnings per share are as follows:

	2015	2014	2013
Net income for the year	\$ 483,424	\$ 2,514,169	\$ 848,212
Basic weighted average number of shares outstanding	36,229,424	32,333,224	27,405,179
Effect of dilutive share options	494,301	940,516	296,224
Diluted weighted average number of shares outstanding	36,723,725	33,273,740	27,701,403
Basic earnings per share	\$ 0.01	\$ 0.08	\$ 0.03
Diluted earnings per share	\$ 0.01	\$ 0.08	\$ 0.03

20. SHARE-BASED PAYMENTS

During the year ended December 31, 2015, the Company granted stock options to a consultant of the Company to purchase up to a total of 50,000 common shares at an exercise price of \$1.32 per share pursuant to the Company's stock option plan. The options vested immediately, and are exercisable on or before September 29, 2020. The Company recorded \$40,820 as share-based payments for the options vested during the year.

During the year ended December 31, 2014, the Company granted stock options to directors, officers, employees, directors, and consultants of the Company to purchase up to a total of 1,035,000 common shares at a weighted average exercise price of \$1.90 per share pursuant to the Company's stock option plan. The options vested on dates ranging from the grant date to September 19, 2015. 855,000 and 180,000 options are exercisable on or before September 19, 2019 and December 22, 2019 respectively. During that year, the Company recorded \$982,782 to operations and \$61,500 to exploration and evaluation assets as share-based payments for the options vested.

During the year ended December 31, 2013, the Company granted stock options to directors, officers, employees, directors, and consultants of the Company to purchase up to a total of 650,000 common shares at a weighted average exercise price of \$1.61 per share pursuant to the Company's stock option plan. The options vested on dates ranging from the grant date to September 9, 2014. The options are exercisable on or before September 9, 2018. During the year ended December 31, 2013, the Company also re-priced 1,725,000 previously granted incentive stock options to directors, officers, employees, and consultants to a price of \$1.02 per share. The incentive stock options had originally been granted at prices of \$2.30 and \$2.00 per share. During that year, the incremental fair value of the re-priced options of \$260,600 was recorded as share-based payments, and the Company recorded \$647,762 in respect of options vested, for total share-based payments of \$908,362.

Option pricing requires the use of highly subjective estimates and assumptions including the expected stock price volatility. The expected volatility used in valuing stock options is based on volatility observed in historical periods. Changes in the underlying assumptions can materially affect the fair value estimates.

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20. SHARE-BASED PAYMENTS (continued)

The fair value of the options granted was calculated using the Black-Scholes model with the following weighted average assumptions and resulting grant date fair value:

	2015	2014	2013
Weighted average assumptions:			
Risk-free interest rate	0.78%	1.51%	1.45%
Expected dividend yield	0%	0%	0%
Expected option life (years)	5.00	5.00	3.45
Expected stock price volatility	65.10%	67.25%	68.29%
Weighted average fair value at grant date	\$0.65	\$0.87	\$0.55

During the year ended December 31, 2015, the Company charged \$40,820 (2014 - \$982,782; 2013 - \$908,362) to operations as share-based payments and capitalized \$Nil (2014 - \$61,500) to exploration and evaluation assets.

21. REVENUE AND COST OF SALES

Revenue and the related cost of sales reflect the sale of silver and gold concentrate from the San Gonzalo mine and the historic Avino stockpiles during the years ended December 31, 2015, 2014 and 2013.

Cost of sales consists of changes in inventories, direct costs including personnel costs, mine site costs, energy costs (principally diesel fuel and electricity), maintenance and repair costs, operating supplies, external services, third party transport fees, depreciation and depletion, and other expenses for the years. Direct costs include the costs of extracting co-products. Cost of sales is based on the weighted average cost of contained or recoverable ounces sold for the years and consists of the following:

	2015	2014	2013
Direct costs	\$ 9,638,275	\$ 10,074,610	\$ 8,019,083
Depreciation and depletion	1,323,419	1,259,394	949,326
Share-based payments	-	59,400	-
	\$ 10,961,694	\$ 11,393,404	\$ 8,968,409

22. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses on the consolidated statements of operations consist of the following:

	2015	2014	2013
Salaries and benefits	\$ 1,353,453	\$ 1,148,450	\$ 1,204,666
Management and consulting fees	1,244,716	606,941	390,510
Professional fees	529,311	389,681	311,193
Office and miscellaneous	361,054	275,128	722,816
Travel and promotion	250,101	210,053	165,860
Investor relations	229,191	239,538	194,955
Directors fees	163,500	81,134	155,000
Regulatory and compliance fees	66,368	126,713	140,629
Share-based payments	40,820	923,382	908,362
Depreciation	18,158	18,358	687
	\$ 4,256,672	\$ 4,019,378	\$ 4,194,678

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23. COMMITMENTS

The Company has a cost sharing agreement to reimburse Oniva for a percentage of its overhead expenses, to reimburse 100% of its out-of-pocket expenses incurred on behalf of the Company, and to pay a percentage fee based on Oniva's total overhead and corporate expenses. The agreement may be terminated with one-month notice by either party. Transactions and balances with Oniva are disclosed in Note 14(c).

The Company and its subsidiaries have various operating lease agreements for their office premises, use of land, and equipment. Commitments in respect of these lease agreements are as follows:

	December 31, 2015	December 31, 2014
Not later than one year	\$ 209,063	\$ 301,121
Later than one year and not later than five years	749,242	134,291
Later than five years	43,951	56,235
	<u>\$ 1,002,256</u>	<u>\$ 491,647</u>

Office lease payments recognized as an expense during the year ended December 31, 2015 totalled \$111,206 (2014 - \$90,883; 2013 - \$63,126).

24. SUPPLEMENTARY CASH FLOW INFORMATION

	2015	2014	2013
Net change in non-cash working capital items:			
Accounts payable and accrued liabilities	\$ 209,925	\$ 1,943,542	\$ 265,200
Current taxes payable	158,114	950,563	42,547
Current taxes recoverable	(1,394,418)	(1,308,973)	(110,923)
Amounts receivable	(1,161,444)	(1,123,799)	(1,176,017)
Inventory	(519,469)	(1,949,673)	371,372
Prepaid expenses and other assets	(364,453)	(98,633)	(587,682)
Amounts due to related parties	(4,244)	125,308	(17,881)
	<u>\$ (3,075,989)</u>	<u>\$ (1,461,655)</u>	<u>\$ (1,213,384)</u>
	2015	2014	2013
Interest paid	\$ 161,678	\$ 90,669	\$ 28,433
Taxes paid	\$ 5,849,101	\$ 172,076	\$ -

25. FINANCIAL INSTRUMENTS

The fair values of the Company's cash and cash equivalents, amounts receivable, amounts due to related parties, and accounts payable approximate their carrying values because of the short-term nature of these instruments. The fair values of investments are based on quoted market prices. The carrying amounts of the Company's term facility, equipment loans, and finance lease obligations are a reasonable approximation of their fair values based on current market rates for similar financial instruments.

The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk, and market risk.

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25. FINANCIAL INSTRUMENTS (continued)**(a) Credit Risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company has exposure to credit risk through its cash and cash equivalents and amounts receivable.

The Company manages credit risk, in respect of cash and cash equivalents, by maintaining the majority of cash at highly rated financial institutions.

The Company is exposed to a significant concentration of credit risk with respect to its trade accounts receivable balance because all of its concentrate sales are with two (2014 – three) counterparties. However, the Company has not recorded any allowance against its trade receivables because to-date all balances owed have been settled in full when due (typically within 60 days of submission) and because of the nature of the counterparties.

The Company's maximum exposure to credit risk at the end of any period is equal to the carrying amount of these financial assets as recorded in the consolidated statement of financial position. At December 31, 2015, no amounts were held as collateral.

(b) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows required by its operating, investing and financing activities. The Company had cash and cash equivalents at December 31, 2015 in the amount of \$7,475,134 (2014 - \$4,249,794) in order to meet short-term business requirements. At December 31, 2015, the Company had current liabilities of \$14,044,216 (2014 - \$6,476,148) and working capital of \$6,003,557 (2014 - \$6,617,877). Accounts payable have contractual maturities of approximately 30 to 90 days, or are due on demand and are subject to normal trade terms. The current portions of term facility, equipment loans, and finance lease obligations are due within 12 months of the consolidated statement of financial position date. Amounts due to related parties are without stated terms of interest or repayment.

The maturity profiles of the Company's contractual obligations and commitments as at December 31, 2015 are summarized as follows:

	Total	Less Than 1 Year	1-5 years	More Than 5 Years
Accounts payable and accrued liabilities	\$ 4,178,571	\$ 4,178,571	\$ -	\$ -
Taxes payable	1,151,224	1,151,224	-	-
Due to related parties	217,822	217,822	-	-
Minimum rental and lease payments	1,002,256	209,063	749,242	43,951
Term facility	13,840,000	6,458,660	7,381,340	-
Equipment loans	1,045,981	261,386	784,595	-
Finance lease obligations	4,424,950	1,960,844	2,464,106	-
Total	\$ 25,860,804	\$ 14,437,570	\$ 11,379,283	\$ 43,951

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25. FINANCIAL INSTRUMENTS (continued)**(c) Market Risk**

Market risk consists of interest rate risk, foreign currency risk and price risk. These are discussed further below.

Interest Rate Risk

Interest rate risk consists of two components:

- (i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
- (ii) To the extent that changes in prevailing market rates differ from the interest rates on the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

In management's opinion, the Company is not exposed to significant interest rate cash flow risk as the Company's term facility, equipment loans, and finance lease obligations bear interest at fixed rates.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign currency risk to the extent that the following monetary assets and liabilities are denominated in Mexican pesos and US dollars:

	December 31, 2015		December 31, 2014	
	MXN	USD	MXN	USD
Cash and cash equivalents	\$ 3,876,257	\$ 4,647,007	\$ 2,532,442	\$ 3,382,302
Amounts receivable	-	2,624,555	-	1,350,874
Accounts payable and accrued liabilities	(12,173,726)	(1,534,765)	(10,805,057)	(786,490)
Warrant liability	-	-	-	(206,611)
Term facility	-	(10,000,000)	-	-
Equipment loans	-	(313,052)	-	-
Finance lease obligations	(155,669)	(2,567,593)	(908,005)	(2,788,356)
Net exposure	(8,453,138)	(7,143,848)	(9,180,620)	951,719
Canadian dollar equivalent	\$ (680,890)	\$ (9,887,086)	\$ (722,056)	\$ 1,104,088

Based on the net Canadian dollar denominated asset and liability exposures as at December 31, 2015, a 10% fluctuation in the Canadian/Mexican and Canadian/US exchange rates would impact the Company's earnings for the year ended December 31, 2015 by approximately \$981,899 (2014 - \$45,188). The Company has not entered into any foreign currency contracts to mitigate this risk.

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25. FINANCIAL INSTRUMENTS (continued)**(c) Market Risk (continued)***Price Risk*

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk.

The Company is exposed to price risk with respect to its accounts receivable, as certain trade accounts receivable are recorded based on provisional terms that are subsequently adjusted according to quoted metal prices at the date of final settlement. Quoted metal prices are affected by numerous factors beyond the Company's control and are subject to volatility, and the Company does not employ hedging strategies to limit its exposure to price risk. At December 31, 2015, based on outstanding accounts receivable that were subject to pricing adjustments, a 10% change in the market price of silver would have an impact on net earnings of approximately \$350,725 (2014 - \$489,808), and a 10% change in the market price of gold would have an impact on net earnings of approximately \$130,723 (2014 - \$210,058).

The Company is exposed to price risk with respect to its investments, as certain of these investments are carried at fair value based on quoted market prices. Changes in market prices result in gains or losses being recognized in net income (loss). At December 31, 2015, a 10% change in market prices would have an impact on net earnings of approximately \$3,871 (2014 - \$5,389).

The Company's profitability and ability to raise capital to fund mineral resource exploration is subject to risks associated with fluctuations in mineral prices. Management closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

(d) Classification of Financial Instruments

IFRS 7 *Financial Instruments: Disclosures* establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table sets forth the Company's financial assets and financial liabilities measured at fair value on a recurring basis by level within the fair value hierarchy as at December 31, 2015:

	Level 1	Level 2	Level 3
Financial Assets			
Cash and cash equivalents	\$ 7,475,134	-	\$ -
Amounts receivable	3,730,317	-	-
Investments	38,712	-	-
Financial Liabilities			
Warrant liability	-	-	-
	\$ 11,244,163	-	\$ -

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26. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and expansion of its properties and to maintain a flexible capital structure for its projects for the benefit of its stakeholders. In the management of capital, the Company includes the term facility, equipment loans, and finance lease obligations and the components of equity.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to incur new debt or issue new shares. Management reviews the Company's capital structure on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to any externally imposed capital requirements.

27. SEGMENTED INFORMATION

The Company's revenues of \$19,082,847 (2014 - \$19,297,953; 2013 - \$16,094,701) are all attributable to Mexico, from shipments of concentrate produced by the San Gonzalo mine and the historic Avino stockpiles. For the year ended December 31, 2015, the Company had one customer that accounted for 52% (2014 - 80%; 2013 - 88%) of revenue and a second customer that accounted for 47% (2014 - 20%; 2013 - 12%) of revenue.

Geographical information relating to the Company's non-current assets (other than financial instruments) is as follows:

	2015		2014	
Exploration and evaluation assets - Mexico	\$	21,094,568	\$	19,281,859
Exploration and evaluation assets - Canada		20,282,406		10,627,361
Total exploration and evaluation assets	\$	41,376,974	\$	29,909,220

	2015		2014	
Plant, equipment, and mining properties - Mexico	\$	24,335,522	\$	18,081,291
Plant, equipment, and mining properties - Canada		1,397,511		92,222
Total plant, equipment, and mining properties	\$	25,733,033	\$	18,173,513

28. INCOME TAXES

a) Income tax expense

Income tax expense included in the consolidated statements of operations and comprehensive income is as follows:

	2015		2014		2013	
Current income tax expense	\$	3,587,796	\$	1,820,970	\$	42,547
Deferred income tax expense (recovery)		(1,128,192)		546,776		2,518,453
Total income tax expense	\$	2,459,604	\$	2,367,746	\$	2,561,000

AVINO SILVER & GOLD MINES LTD.

Notes to the consolidated financial statements

For the years ended December 31, 2015, 2014 and 2013

(Expressed in Canadian dollars)

28. INCOME TAXES (continued)

The reconciliation of income taxes calculated at the Canadian statutory tax rate to the income tax expense is as follows:

	2015	2014	2013
Net income before income taxes	\$ 2,943,028	\$ 4,881,915	\$ 3,409,212
Combined statutory tax rate	26.00%	26.00%	25.75%
Income tax expense at the Canadian statutory rate	765,187	1,269,298	877,873
Reconciling items:			
Effect of difference in Mexican tax rates	157,826	223,465	176,081
Non-deductible/non-taxable items	18,553	(20,595)	298,543
Change in enacted rates	-	-	71,526
Change in unrecognized benefit of tax losses	(121,621)	234,551	183,052
Impact of foreign exchange	1,025,185	622,254	-
Special mining duties	273,478	292,403	1,163,717
Expiry of tax losses	409,322	-	-
Benefit of tax attributes recognized and other items	(68,326)	(253,630)	(209,792)
Income tax expense recognized in the year	\$ 2,459,604	\$ 2,367,746	\$ 2,561,000

The Company recognized a non-cash expense of \$461,199 for the year ended December 31, 2015 (2014 - \$385,057; 2013 - \$1,163,717) related to the deferred tax impact of the special mining duty. Currency translation differences of foreign operations included within other comprehensive income for the year ended December 31, 2015 is net of tax of \$384,081 (2014 - \$206,121; 2013 - \$nil).

b) Deferred income tax assets and liabilities

	2015	2014	2013
Deferred income tax assets	\$ 1,831,158	\$ 1,540,270	\$ 2,111,963
Deferred income tax liabilities	(6,724,074)	(7,177,297)	(6,996,093)
	\$ (4,892,916)	\$ (5,637,027)	\$ (4,884,130)

The approximate tax effects of each type of temporary difference that gives rise to potential deferred income tax assets and liabilities are as follows:

	2015	2014	2013
Tax losses carried forward	\$ -	\$ -	\$ 767,448
Reclamation provision	783,350	715,455	694,037
Inventory	(183,935)	(169,585)	-
Exploration and evaluation assets	(3,486,768)	(4,704,765)	(3,804,986)
Plant, equipment and mining properties	(3,053,371)	(2,302,947)	(3,191,107)
Other deductible temporary differences	1,047,808	824,815	650,477
Net deferred income tax liabilities	\$ (4,892,916)	\$ (5,637,027)	\$ (4,884,130)

AVINO SILVER & GOLD MINES LTD.

Notes to the consolidated financial statements

For the years ended December 31, 2015, 2014 and 2013

(Expressed in Canadian dollars)

28. INCOME TAXES (continued)

Unrecognized deductible temporary differences:

Temporary differences and tax losses arising in Canada have not been recognized as deferred income tax assets due to the fact that management has determined it is not probable that sufficient future taxable profits will be earned in Canada to recover such assets. Unrecognized deductible temporary differences are summarized as follows:

	2015	2014	2013
Tax losses carried forward	\$ 24,774,628	\$ 23,213,826	\$ 7,795,353
Property, plant and equipment	998,254	4,552,561	211,097
Investments	264,723	196,839	348,047
Resource pools	14,573,957	8,310,866	1,799,659
Other deductible temporary differences	2,040,104	2,229,401	1,523,271
Unrecognized deductible temporary differences	\$ 42,651,666	\$ 38,503,493	\$ 11,677,427

The deferred tax liability presented in these consolidated financial statements is due to the difference in the carrying amounts and tax bases of the Mexican mineral properties, mine plant, and equipment which were acquired in the purchase of Avino Mexico. The carrying values of the Mexican mineral properties, mine plant, and equipment includes an estimated fair value adjustment recorded upon the July 17, 2006 acquisition of control of Avino Mexico that was based on a share exchange, while the tax bases of these assets are historical undeducted tax amounts that were nil on acquisition. The deferred tax liability is attributable to assets in the tax jurisdiction of Mexico.

The Company has capital losses of \$1,472,210 carried forward and \$24,774,628 in non-capital tax losses carried forward available to reduce future Canadian taxable income. The capital losses can be carried forward indefinitely unless used. The Company's Canadian non-capital tax losses, if unused, expire as follows:

Year of Expiry	Amount
2024	\$ 218,376
2026	2,115,697
2027	1,782,666
2028	2,782,017
2029	1,548,378
2030	1,831,957
2031	2,259,465
2032	4,804,429
2033	2,163,932
2034	3,631,475
2035	1,636,236
	\$ 24,774,628

As at December 31, 2015, the Company had no Mexican tax losses available to offset future Mexican taxable income.

AVINO SILVER & GOLD MINES LTD.

Notes to the consolidated financial statements

For the years ended December 31, 2015, 2014 and 2013

(Expressed in Canadian dollars)

29. SUBSEQUENT EVENTS

Share issuances – Subsequent to the year ended December 31, 2015, the Company issued 198,998 common shares under the prospectus supplement at-the-market offering described in Note 19(b)(i) for net proceeds of \$269,843 (US\$194,927).

Stock options – Subsequent to the year ended December 31, 2015, 185,000 stock options were exercised for proceeds of \$188,700, 19,500 stock options with an exercise price of \$1.02 expired, and 50,000 stock options with an exercise price of \$1.90 and expiring on September 19, 2019 were cancelled.

SIGNATURE

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Annual Report on its behalf.

Date: April 7, 2016

AVINO SILVER & GOLD MINES LTD.

By: /s/ David Wolfin
David Wolfin, Chief Executive Officer
(Principal Executive Officer)

List of Subsidiaries

Name	Jurisdiction of Incorporation	Ownership Interest
Compañía Minera Mexicana de Avino, S.A. de C.V.	Mexico	99.67%
Promotora Avino S.A. de C.V.	Mexico	79.09%
Oniva Silver and Gold Mines S.A. de C.V.	Mexico	100%
Bralorne Gold Mines Ltd.	Canada	100%

CERTIFICATION

I, David Wolfin, certify that:

1. I have reviewed this Annual Report on Form 20-F of Avino Silver & Gold Mines Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 7, 2016

/s/ David Wolfin
David Wolfin, Principal Executive Officer

CERTIFICATION

I, Malcolm Davidson, certify that:

1. I have reviewed this Annual Report on Form 20-F of Avino Silver & Gold Mines Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 7, 2016

/s/ Malcolm Davidson
Malcolm Davidson, Principal Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Avino Silver & Gold Mines Ltd. (the “Company”) on Form 20-F for the period ended December 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, David Wolfin, Principal Executive Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge and belief:

- (1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 7, 2016

/s/ David Wolfin

David Wolfin, Principal Executive Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Avino Silver & Gold Mines Ltd. (the “Company”) on Form 20-F for the year ended December 31, 2015 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Malcolm Davidson, Principal Financial Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge and belief:

- (1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 7, 2016

/s/ Malcolm Davidson
Malcolm Davidson, Principal Financial Officer

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference of our report dated March 2, 2016, relating to the consolidated financial statements of Avino Silver & Gold Mines Ltd. included in the Annual Report on Form 20-F of Avino Silver & Gold Mines Ltd. for the year ended December 31, 2015 and to the Company's Registration Statements on Form S-8 (SEC File No.: 333-195120) and Forms F-3 (SEC File Nos.: 333-193471 and 333-195144).

/s/ Manning Elliott LLP

Vancouver, Canada
April 7, 2016

CONSENT OF EXPERT

We hereby consent to the use of our name contained in the technical report on the Property in the Durango Mining District of Mexico dated July 19, 2013 entitled "Technical Report on the Avino Property" and the reference as an expert contained in the Annual Report of Avino Silver & Gold Mines Ltd. on Form 20-F for the fiscal year ended December 31, 2015 and incorporated by reference to the Company's Registration Statements on Form S-8 (SEC File No.: 333-195120) and Form F-3 (SEC File Nos.: 333-193471 and 333-195144).

Dated: April 7, 2016

TETRA TECH WEI INC.

/s/ Hassan Ghaffari

Hassan Ghaffari, P.Eng.

CONSENT OF EXPERT

We hereby consent to the use of our name contained in the technical reports on the Property in Gold Bridge, British Columbia dated October 15, 2012 and amended on November 20, 2012 entitled “Preliminary Economic Assessment on the Bralorne Gold Mines Property, Gold Bridge, British Columbia, Canada”, and the reference as an expert contained in the Annual Report of Avino Silver & Gold Mines Ltd. on Form 20-F for the fiscal year ended December 31, 2015 and incorporated by reference to the Company’s Registration Statements on Form S-8 (SEC File No.: 333-195120) and Forms F-3 (SEC File Nos.: 333-193471 and 333-195144).

BEACON HILL CONSULTANTS (1988) LTD.

Dated: April 7, 2016

/s/ W. P. Stokes

W. P. Stokes, P.Eng.