

**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, 2017

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)

Malcolm Davidson, Chief Financial Officer

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

Tel: 604-682-3701, Email: mdavidson@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 American, LLC

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 52,718,153 common shares, without par value, issued and outstanding as of December 31, 2017.

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, a non-accelerated filer, or an emerging growth company. See definition of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer Emerging Growth Company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act.

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

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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Nomenclature

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”, “Avino”, “we”, “our” or “us” refers to Avino Silver & Gold Mines Ltd. and its subsidiaries.

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.

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 expenditures, 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.

Status as an Emerging Growth Company

We are an “emerging growth company” as defined in Section 3(a) of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”) by the Jumpstart Our Business Startups Act of 2012 (the “**JOBS Act**”), and we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies. We will continue to qualify as an “emerging growth company” until the earliest to occur of: (a) the last day of the fiscal year during which we had total annual gross revenues of US\$1,000,000,000 (as such amount is indexed for inflation every 5 years by the SEC) or more; (b) the last day of our fiscal year following the fifth anniversary of the date of the first sale of common equity securities pursuant to an effective registration statement under the Securities Act; (c) the date on which we have, during the previous 3-year period, issued more than US\$1,000,000,000 in non-convertible debt; or (d) the date on which we are deemed to be a “large accelerated filer”, as defined in Exchange Act Rule 12b-2. We expect to continue to be an emerging growth company for the foreseeable future.

Currency

Effective January 1, 2017, the Company changed its presentation currency to US dollars from Canadian dollars. The Company believes that the change in presentation currency will provide shareholders with a better reflection of the Company’s business activities and to enhance the comparability of the Company’s financial information to its peers. Accordingly, this is our first Annual Report in which financial information for the year to December 31, 2017, and for all preceding periods is stated in United States dollars. All references to dollar amounts are expressed in the lawful currency of

the United States of America, unless indicated otherwise. Per share amounts are expressed in United States dollars, **unless indicated otherwise**. All references to Canadian dollars will be indicated with a "C\$".

Foreign Private Issuer Filings

We are considered a "foreign private issuer" pursuant to Rule 405 promulgated under the Securities Act of 1933, as amended (the "**Securities Act**"). In our capacity as a foreign private issuer, we are exempt from certain rules under the Exchange Act that impose certain disclosure obligations and procedural requirements for proxy solicitations under Section 14 of the Exchange Act. In addition, our officers, directors and principal shareholders are exempt from the reporting and "short-swing" profit recovery provisions of Section 16 of the Exchange Act and the rules under the Exchange Act with respect to their purchases and sales of our common shares. Moreover, we are not required to file periodic reports and financial statements with the SEC as frequently or as promptly as United States companies whose securities are registered under the Exchange Act. In addition, we are not required to comply with Regulation FD, which restricts the selective disclosure of material information.

For as long as we are a "foreign private issuer" we intend to file our annual financial statements on Form 20-F and furnish our quarterly financial statements on Form 6-K to the SEC for so long as we are subject to the reporting requirements of Section 13(g) or 15(d) of the Exchange Act. However, the information we file or furnish may not be the same as the information that is required in annual and quarterly reports on Form 10-K or Form 10-Q for U.S. domestic issuers. Accordingly, there may be less information publicly available concerning us than there is for a company that files as a domestic issuer.

We may take advantage of these exemptions until such time as we are no longer a foreign private issuer. We are required to determine our status as a foreign private issuer on an annual basis at the end of our second fiscal quarter. We would cease to be a foreign private issuer at such time as more than 50% of our outstanding voting securities are held by United States residents and any of the following three circumstances applies: (1) the majority of our executive officers or directors are United States citizens or residents; (2) more than 50% of our assets are located in the United States; or (3) our business is administered principally in the United States. If we lose our "foreign private issuer status" we would be required to comply with Exchange Act reporting and other requirements applicable to U.S. domestic issuers, which are more detailed and extensive than the requirement for "foreign private issuers".

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.**

Glossary of Mining Terms

agglomeration	<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>
anomalous	<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>
anomaly	<i>Any concentration of metal noticeably above or below the average background concentration.</i>
assay	<i>An analysis to determine the presence, absence or quantity of one or more components.</i>
breccia	<i>A rock in which angular fragments are surrounded by a mass of finer-grained material.</i>
cretaceous	<i>The geologic period extending from 135 million to 65 million years ago.</i>
cubic meters or m³	<i>A metric measurement of volume, being a cube one meter in length on each side.</i>
cyanidation	<i>A method of extracting exposed silver or gold grains from crushed or ground ore by dissolving it in a weak cyanide solution.</i>
diamond drill	<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>
fault	<i>A fracture in a rock where there has been displacement of the two sides.</i>
grade	<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>
hectare or ha	<i>An area totaling 10,000 square meters.</i>
highly anomalous	<i>An anomaly which is 50 to 100 times average background, i.e. it is statistically much greater in amplitude.</i>
induced polarization (IP)	<i>A method of ground geophysics surveying employing an electrical current to determine indications of mineralization.</i>
mineral reserve	<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 revenue 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>
tonne	<i>Metric measurement of weight equivalent to 2,205 pounds (1,000 kg)</i>
tpd	<i>Tonnes per day.</i>
trench	<i>A long, narrow excavation dug through overburden, or blasted out of rock, to expose a vein or ore structure.</i>
veins	<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 the year ended December 31, 2017. For the years ended December 31, 2016, 2015, 2014 and 2013, the Company's consolidated financial information was presented in Canadian dollars, and has been translated in this Form 20-F into United States dollars using the applicable exchange rates.

For the years ended December 31, 2017, 2016, 2015, 2014, and 2013, 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, and as at, December 31, 2017, 2016, 2015, 2014, and 2013. The information has been derived from our annual audited consolidated financial statements set forth in "Item 18 — Financial Statements."

	Years Ended December 31,				
	2017	2016	2015	2014	2013
Summary of Operations:					
Revenue	\$ 33,358,641	\$ 30,105,336	\$ 14,924,798	\$ 17,467,372	\$ 15,625,087
Cost of sales	21,975,130	19,160,800	8,573,200	10,312,639	8,706,727
Mine operating income	11,383,511	10,944,536	6,351,598	7,154,733	6,918,360
Operating expenses	5,330,795	5,007,570	3,329,166	3,750,467	4,123,499
Income (loss) before other items and income taxes	6,052,716	5,936,966	3,022,432	3,404,266	2,794,861
Net income (loss)	2,653,461	1,503,531	378,087	2,275,678	823,463
Earnings (Loss) per share					
Basic	\$ 0.05	\$ 0.04	\$ 0.01	\$ 0.07	\$ 0.03
Diluted	\$ 0.05	\$ 0.03	\$ 0.01	\$ 0.07	\$ 0.03
Weighted average number of shares outstanding					
Basic	52,523,454	42,695,999	36,229,424	32,333,224	27,405,179
Diluted	53,320,009	43,791,451	36,723,725	33,273,740	27,701,403
	2017	2016	2015	2014	2013
Balance Sheet Data:					
Total assets	\$102,627,862	\$ 93,797,897	\$ 63,108,377	\$ 52,940,390	\$ 32,486,127
Cash	3,419,532	11,779,718	5,401,109	3,663,300	3,609,999
Total liabilities	33,690,545	32,337,647	25,580,413	14,107,194	9,406,936
Shareholders' equity	68,937,317	61,456,250	37,527,964	38,833,196	23,079,191
Share capital	81,467,603	80,784,973	58,240,661	55,381,240	41,060,036
Shares outstanding	52,718,153	52,431,001	37,298,009	35,374,813	27,488,834

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).

Fiscal Year Ended	Average	Period End	High	Low
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
2016	1.3243	1.3426	1.4592	1.2544
2017	1.2984	1.2517	1.3745	1.2131

The following table sets forth the high and low exchange rates for the past six months based on the noon buying rate. As of March 23, 2018, the exchange rate was C\$1.2870 for each US\$1.

Month	High	Low
September 2017	1.2509	1.2131
October 2017	1.2894	1.2470
November 2017	1.2890	1.2693
December 2017	1.2900	1.2517
January 2018	1.2534	1.2293
February 2018	1.2806	1.2280

B. Capitalization and indebtedness

Not Applicable.

C. Reasons for the offer and use of proceeds

Not Applicable.

D. Risk factors

An investment in our common shares involves a high degree of risk and should be considered speculative. You should carefully consider the following risks set out below and other information before investing in our common shares. If any event arising from these risks occurs, our business, prospects, financial condition, results of operations or cash flows could be adversely affected, the trading price of our common shares could decline and all or part of any investment may be lost.

Our operations are highly speculative due to the high-risk nature of our business, which include the acquisition, financing, exploration, development of mineral properties and operation of mines. The risks and uncertainties set out below are not the only ones we face. Additional risks and uncertainties not currently known to us or that we currently deem immaterial, may also impair our operations. If any of the risks actually occur, our business, financial condition and operating results could be adversely affected. As a result, the trading price of our common shares could decline and investors could lose part or all of their investment. Our business is subject to significant risks and past performance is not a guarantee of future performance.

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

The Company is currently focusing on further defining plans to mine its San Gonzalo and Avino mineralized material and on exploring and evaluating the Bralorne Mine project. The Company will be required to raise capital to further advance the San Gonzalo and Avino mines and its infrastructure. 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 and debt 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 and at the Avino Mine in the second quarter of 2016. For the years ended December 31, 2017, 2016, 2015, 2014, and 2013, we earned net income of \$2,653,461, \$1,503,531, \$378,087, \$2,275,678, and \$823,463, 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.

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 and the Avino 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 and the Avino 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 and the Avino 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 and the Avino Mine were 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 and the Avino Mine were based on limited information which may or may not be representative of information regarding the mines 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 and Avino 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/or the Avino Mine; and
- that we may underestimate capital and operating costs without a comprehensive bankable feasibility study.

Exploration and development.

The business of exploration and development for minerals involves a high degree of risk and few properties become producing mines. Unprofitable efforts result not only from the failure to discover mineral deposits, but from finding mineral deposits which, though present, are insufficient in quantity and quality to return a profit from production. There is no assurance that the Company's future exploration and development activities will result in any discoveries of commercial bodies of ore. The marketability of minerals acquired or discovered by the Company may be affected by numerous factors which are beyond the control of the Company and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of mining facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection, the combination of which factors may result in the Company not receiving an adequate return on invested capital.

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, evaluation, advancement and operation 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.

Mining activities are inherently risky.

Mining activities are risky and heavily regulated. Despite our attempts to minimize accidents through strict safety procedures, individuals may be injured or harmed working in our mines. Should any accidents occur, our mine may be partially or fully shut down to aid regulators in their investigation, even if it is determined we are not at fault for the cause of the accident. In this regard, there were two accidental deaths at the Company's San Gonzalo mine in March 2016, and an accidental death at the Avino mine complex processing facility in June 2014. We do not believe that we were at fault in these accidents and, unfortunately, believe that the accidents were the result of the employees not following the proper safety protocols. Following the accidents, local authorities allowed us to resume mining activities. Notwithstanding our belief that we were not at fault for the accidents, we may nevertheless be found liable and subject to fines and/or penalties or we may be required to revise and implement new safety procedures that would make it more costly to operate our mines. Currently, we do not have insurance covering accidents, but may obtain insurance in the future.

Mining operations and uninsured risks.

Mining operations generally involve a high degree of risk which even a combination of experience, knowledge and careful evaluation may not be able to overcome. The business of mining and exploration is subject to a variety of risks including, but not limited to, fires, power outages, labour disruptions, industrial accidents, flooding, explosions, cave-ins, landslides, environmental hazards, technical failures, and the inability to obtain suitable or adequate machinery, equipment or labour. Such occurrences, against which the Company cannot, or may elect not to insure, may delay production, increase production costs or result in liabilities. The payment of such liabilities may have a material adverse effect on the Company's financial position. The economics of developing mineral properties are affected by such factors as the cost of operations, variations in the grade and metallurgy of the ore mined, fluctuations in mineral markets, costs of processing and equipment, transportation costs, government regulations including regulations relating to royalties, allowable production, importing and exporting of mineral product, and environmental protection rules and regulations.

Market forces.

There is no assurance that, even if commercial quantities of mineral resources are discovered, that these can be sold

at a profit. Factors beyond the control of the Company may affect the marketability of any mineral occurrences discovered. The prices of silver, gold and copper have experienced volatile and significant movements over short periods of time, and are affected by numerous factors beyond the control of the Company, including international economic and political trends, expectations of inflation, currency exchange fluctuations (specifically, the United States dollar relative to the Canadian dollar and other currencies), interest rates and global or regional consumption patterns (such as the development of gold coin programs), speculative activities and increased production due to improved mining and production methods.

Foreign corrupt practices legislation.

The Company is 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 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 the Company might be held responsible. Violations of the FCPA, CFPOA, and/or other laws may result in criminal or civil sanctions and the Company may be subject to other liabilities, which could negatively affect our business, operating results and financial condition. Beginning with our fiscal year ending December 31, 2016, the Company is also subject to the *Extractive Sector Transparency Measures Act* (Canada) (“**ESTMA**”), which requires us to maintain records of specific payments (including taxes, royalties, fees, production entitlements, bonuses, dividends, and infrastructure improvements) to all government entities in Canada and abroad, and to publicly disclose payments of \$100,000 or more in any payment category on an annual basis within 150 days of our fiscal year end, to increase transparency and deter corruption in the extractive industry sector.

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

In those jurisdictions where the Company has property interests, the Company undertakes searches of mining records and obtains title opinions from reputable counsel in accordance with mining industry practices to confirm satisfactory title to properties in which it holds or intends to acquire an interest, but does not obtain title insurance with respect to such properties. The possibility exists that title to one or more of its properties, particularly title to undeveloped properties, might be defective because of errors or omissions in the chain of title, including defects in conveyances and defects in locating or maintaining such claims, prior unregistered agreements or transfers, and title may be affected by undetected defects or native land claims. For unsurveyed mineral claims, the boundaries of such mining claims may be in doubt. The ownership and validity of mining claims are often uncertain and may be contested. The Company is not aware of any challenges to the location or area of its mineral claims. There is, however, no guarantee that title to the Company’s properties will not be challenged or impugned in the future. The properties may be subject to prior unregistered agreements or transfers.

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.

Dividend policy

We have never paid, and we do not intend to pay, any cash dividends in the foreseeable future.

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.

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.

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. There can be no assurance that the Company will be able to compete successfully for new mining properties. The resource industry is intensely competitive in all of its phases, and the Company competes with many companies possessing greater financial resources and technical facilities than itself. Competition could adversely affect the Company's ability to acquire suitable producing properties or prospects exploration in the future.

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.

Permitting.

Existing and possible future environmental legislation, regulations and actions could give rise to additional expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted. Regulatory requirements and environmental standards are subject to constant evaluation and may become more restrictive, which could materially affect the business of the Company or its ability to develop its properties. Before production can commence on any of its mineral properties, the Company must obtain regulatory and environmental approvals. There is no assurance that such approvals will be obtained, or if they are obtained, if they will be granted on a timely basis. The cost of compliance with existing and future governmental regulations has the potential to reduce the profitability of operations or preclude entirely the economic development of the Company's mineral projects and properties.

Permitting of exploration programs in Mexico requires the completion of agreements with the indigenous communities in the vicinity of the project. The timing for the completion of such agreements is unpredictable. The process of obtaining such agreements is also affected by the two-year election cycle for the councils of the indigenous communities.

Political or economic instability or unexpected regulatory change.

Our primary property is located in a foreign country that may 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 in Canadian and U.S. Dollars and Mexican pesos. 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 increase in the Canadian Dollar against the U.S. Dollar will result in a loss on our financial statements to the extent we hold funds in Canadian Dollars. Copper, gold and silver are typically sold in U.S. dollars. As a result, the Company is subject to foreign exchange risks relating to the relative value of the U.S. dollar as compared to the Canadian dollar and the Mexican peso. To the extent that the Company generates revenues at the Avino Mine or San Gonzalo Mine, it will be subject to foreign exchange risks as revenues will be received in U.S. dollars while certain operating and capital costs will be incurred primarily in Mexican pesos. A decline in the U.S. dollar would result in a decrease in the Company's revenues and adversely impact the Company's financial performance.

Land reclamation requirements.

Although variable, depending on location and the governing authority, land reclamation requirements are generally imposed on mineral exploration and mining companies 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.

Current global financial conditions.

Financial markets globally have been subject to increased volatility. Access to financing has been negatively affected by liquidity crises and uncertainty with respect to sovereign defaults throughout the world. These factors may impact the ability of the Company to obtain loans and other forms of financing in the future and, if obtained, on terms favourable to the Company. If these levels of volatility and market turmoil continue or worsen, the Company may not be able to secure appropriate debt or equity financing when needed, any of which could affect the trading price of the Company's securities in an adverse manner.

Dilution.

There are a number of outstanding securities and agreements pursuant to which Common Shares of the Company may be issued in the future. If these Common Shares are issued, this will result in further dilution to the Company's shareholders. An investor's equity interest in the Company may also be diluted by future equity financings of the Company.

Conflicts of interest.

There are potential conflicts of interest to which all of the directors, officers, insiders and promoters of the Company will be subject in connection with the operations of the Company. All of the directors, officers, insiders and promoters are engaged in and will continue to be engaged in corporations or businesses which may be in competition with the Company. Accordingly, situations may arise where all of the directors, officers, insiders and promoters will be in direct competition with the Company. The Company has a process to identify and declare any conflicts. Conflicts, if any, will be subject to the procedures and remedies as provided under the Business Corporations Act of British Columbia.

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. Recruiting and retaining qualified personnel in the future is critical to the Company's success. As the Company explores its Avino Mine and San Gonzalo Mine and other properties, the need for skilled labour will increase. The number of persons skilled in the exploration of mining properties is limited and competition for this workforce is intense. The exploration and other initiatives of the Company may be significantly delayed or otherwise adversely affected if the Company cannot recruit and retain qualified personnel and/or obtain other exploration and mining resources as and when required.

Limited and volatile trading volume.

Although the Company's common shares are listed on the NYSE American, the Toronto Stock Exchange, referred to as the "TSX" (the Company graduated from the TSX Venture Exchange on January 8, 2018), 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

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 all of the Provinces of Canada, except for Quebec, a foreign private issuer with the SEC and is listed on the Toronto Stock Exchange (the Company graduated from the TSX Venture Exchange on January 8, 2018), under the symbol "ASM", on the NYSE-American under the symbol "ASM", and on the Berlin and Frankfurt Stock Exchanges under the symbol "GV6". 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 mineral properties 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 a 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 encouraging 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. In October 2014, Avino acquired the past producing Bralorne Gold Mine in British Columbia as a wholly owned subsidiary. The Avino Mine in Mexico, the Bralorne Mine in British Columbia, and surrounding mineral leases continue to hold silver and gold potential. The Company also has an Option Agreement with Alexco Resources Corp. on its wholly-owned Eagle Property located in the Yukon Territory. 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 of 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 the second quarter of 2016, the Company declared that effective April 1, 2016 extracting and processing resources at levels intended by management had been achieved at the Avino Mine following an advancement and test period of 19 months. The decision was based on the following criteria:

- All critical capital components have been acquired and installed to achieve desired mining and processing results;
- The necessary labor force, including production and development mining contractors, has been secured to mine and process at planned levels of output;
- The mill has consistently processed at levels above design capacity and budgeted production levels of 1,250 tpd with consistent recoveries and grades; and
- As previously disclosed, the Company has entered into a long term sales agreement with Samsung C&T U.K. Limited ("Samsung"). Further, Samsung has provided Avino with a term facility which has provided capital to facilitate further expansion and development of the Avino Mine.

The above factors were considered in making the decision that extracting and processing resources at levels intended by management had been achieved as at April 1, 2016, and management is confident that its decision is appropriate and accurately reflects the stage the Company is in.

On July 8, 2014, Avino acquired a 33.33% interest in Bralorne from an unrelated party on the open market for cash consideration of C\$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 C\$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. All unexercised outstanding stock options of Bralorne were cancelled, and Bralorne's common shares were delisted from the TSX Venture Exchange and the OTCQX.

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.

Avino's remaining Mexican properties other than San Gonzalo and Avino as well as its Canadian properties are all in 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 the Avino Mine, and exploration of the Avino property in Mexico and the Bralorne Mine project in British Columbia, Canada. The Company's 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 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

The Bralorne Mine holds a Mining Permit M-207 under the Mining Act of British Columbia as administered by the Ministry of Energy, Mines and Petroleum Resources (“EMPR”). A permit amendment for Permit M-207 was received in November 2017 updating the Permit to current standards and allowing the company to restart the Bralorne Mine at 100 tons per day, which included incorporation of the updated Interim Closure and Reclamation Plan (“ICRP”). An additional permit amendment to Permit M-207 to allow for expansion beyond the 100 tons per day is currently being worked on by the Company.

The Bralorne Mine holds an emissions *Permit 14479* and an effluent Permit *14480* under the Ministry of Environment (British Columbia). Both environmental Permits are current. Bralorne Mines has applied for a Permit amendment for expanded water treatment under the effluent Permit 14480. The Permit amendment is underway *with the Technical Assessment Report submitted*.

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 EMPR, 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 security 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, plant and equipment*

The Company is extracting resources and processing it to yield a bulk silver/gold 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, we have optioned the Eagle Claims in the Yukon to Alexco Resource Corp. and are exploring our remaining gold and silver 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 and San Gonzalo Mines.

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 took place between 2011 and 2014. In addition to the Bralorne Mine project, Avino has in recent years conducted limited prospecting, trenching and drill programs on the Eagle (which has been optioned to Alexco Resource Corp.), 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.

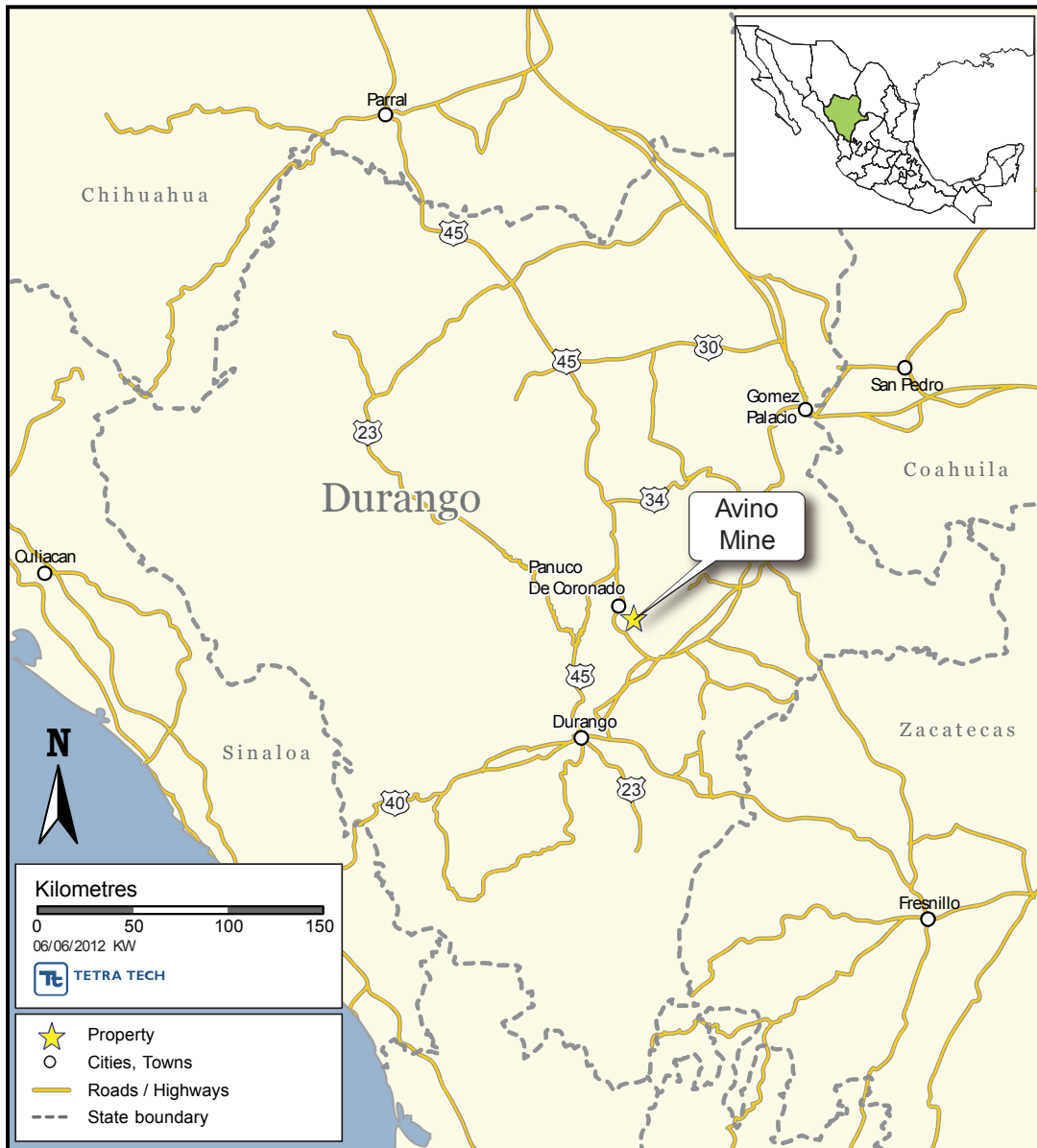
Avino Property, Durango, Mexico

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 600,000. 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. Several 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, a formal 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 following the next paragraphs regarding Claim Staking and Mineral Tenure in Mexico.

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% mining royalty on the 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:

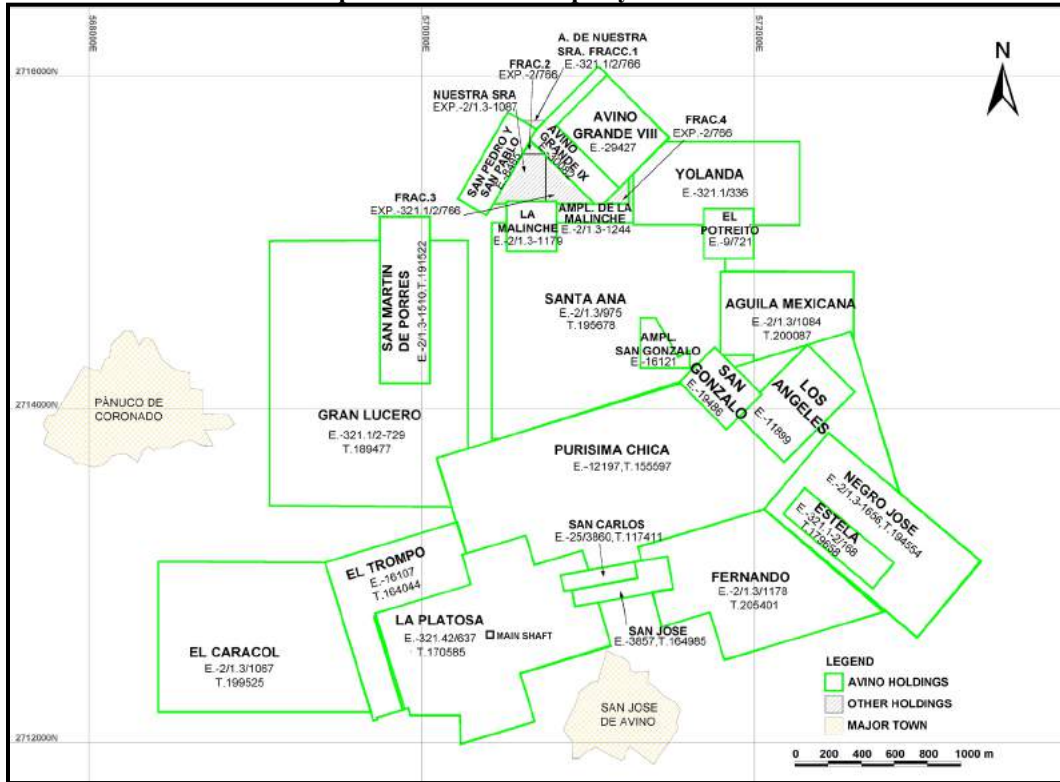
- Execute work under the terms and conditions established in the mining law;
- Pay fees to the Secretaria de Economia on a semi-annual basis;
- Locate on the ground a starting point (mojonera) for the location of the concession, and maintain the mojonera in good condition;
- Begin work on the concession 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 \$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 \$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 (Ejidors) 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 – on 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.

During 2016, San Gonzalo mill feed came from stopes on level 4, 5, 6 and 7 with the bulk of the tonnage coming from stopes 4-050, 5-030, 5-500, 5-600, 6-030, 6-100 and 7-070.

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 has been the subject of three mineral resource estimates, the most recent of which was published on October 28, 2016; 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 de-watered; 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.

During 2016, underground advancement totaled 3,901 metres with the ramp advancing to level 16. Breakdown of the advance consisted of 1,489 metres of drifts, 415 metres of ramp 1,609 metres of crosscuts and 390 metres of raises. Production mining with the Trac Drill took place on levels 12, 12.5 and 14.5. Mill feed from development mining came from levels 14.5, 15, 15.5 and the crosscuts towards the hanging wall breccia on levels 12.5 and 14.5 where high gold values were encountered.

During 2017, underground advancement totaled 2905 metres with the ramp advancing to level 16.5. Breakdown of the advance consisted of 961 metres of drifts, 287 metres of ramp, 1,375 metres of crosscuts and 283 metres of raises. Production mining with the Trac Drill took place on all the developed levels up to level 15. Some mill feed from development mining came from levels 15.5 and 16.

The Avino Mine has been the subject of two mineral resource estimates, the most recent of which was published on October 28, 2016; 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 2017, the Company continued to evaluate plans to build a new tailings storage facility which is necessary to allow the existing TSF to be decommissioned, which will enable Avino to begin assessing the upper sulphide bench as well as the lower oxide bench in areas that are currently being used to store tailings from our active operations. The assessment work is

part of the recommendations contained in a 2013 technical report intended to advance the Tailings Resource towards a production decision for an agglomerated heap leach Merrill-Crowe precipitation operation.

The oxide tailings were produced between 1974 and 1993 from open pit mining of the main Avino vein. For further details regarding the oxide tailings, please see the sections below titled: *Mineral Resource Estimates* and *Preliminary Economic Assessment on the Oxide Tailings Resource* or the Company's Technical Report on the Avino Property, dated April 11, 2017.

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. Between 2001 and 2016 the powerline provided 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. In 2009 a power line to the San Gonzalo Mine was built 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; and energized in June 2016. The new line is now fully functional at the design capacity of 5 megawatts ("MW"). Current power consumption at the mine is approximately 2MW, leaving sufficient additional power for near-term expansion projects that are currently being organized, such as the Oxide Tailings Heap Leach/Merril-Crowe Precipitation Project (which would require 1 MW) and expansion of the processing plant, which will require a further 1 MW.

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).

Both the San Gonzalo and Avino mines are equipped with two mine dewatering pumps. The pumps at San Gonzalo are each capable of pumping 20L/s to surface via 2 six inch lines. One pump operates 24 hours per day and the other 10 hours per day. At Avino one pump operates constantly with the second on standby. Each pump is capable of handling the entire inflow via a 6 inch line. Water from both mines is pumped to the surface and is sent to the process water tanks in the plant. Any water not used in the plant flows by gravity to the La Caricol Dam for agricultural use.

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 replacement cost of 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 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. During 2015, Mill Circuit 3 was optimized to process approximately 1,150 tonnes per day. In the second quarter of 2016, the Company declared that effective April 1, 2016, extraction and processing had reached levels intended by management at the Avino Mine.

Circuit #	Operating Throughput (TPD)	Sources of Mill Feed	Operating Status
1	250	San Gonzalo Mine (“SG”)	Now Online
2	250	Avino Mine Stockpiles, SG, Avino Mine*	Now Online
3	1,150	Avino Mine*	Now Online
4	1,150	Avino Mine	Online in 2018

- 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.
- Circuit 4 is expected to process mineralized material from the newly discovered San Luis area of the Avino Mine.

**No feasibility study or preliminary economic assessment has been carried out on the Avino Mine and San Gonzalo Mine resources. The Company has determined extraction and processing of resources at levels intended by management without undertaking any further formal studies.*

In January 2017, Avino announced plans to further expand the mill to an overall throughput capacity of 2,800 tonnes per day. The addition of Mill Circuit 4, which will be an exact duplication of Mill Circuit 3, commenced in January 2017, and was expected take approximately one year to complete. As at the end of December 31, 2017, Mill Circuit 4 was approximately 90% complete. The outstanding items at year end were the installation of the filter press for the concentrate and the flotation cells. Circuit 4 is expected to be completed by the first quarter of 2018 with commissioning to take place using mill feed from the historic Avino Mine stockpiles. It is planned that Mill Circuit 4 will be used to process material from the San Luis area of the Avino Mine.

Mining Fleet

To operate the Avino and San Gonzalo Mines, Avino’s mining fleet currently consists of 3 front end loaders, a D6R Cat dozer, 12 scoop trams, 5 jumbos, 2 combination backhoe and rock breakers, 2 excavators, a forklift, 2 surface and an underground diamond drill, 2 mini loaders, a CAT grader suitable for both surface and underground, 20 contractor provided haulage trucks, a shotcrete machine, a welding machine, 32 light service passenger vehicles, a contractor provided water truck, a 15 tonne capacity contractor provided truck to distribute explosives and a contractor provided fuel truck, 3 power generators, 8 air compressors, a mobile crane, a mobile crushing plant and an ambulance

Costs Incurred to Date

The table below for the years ended December 31, 2011 to December 31, 2017 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 Canadian 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>
2006	62,018	15,744	3,448,195	3,525,957
2007	2,319,761	786,951	878,987	3,985,699
2008	1,441,057	76,345	1,286,880	2,804,282
2009	305,848	268,929	639,383	1,214,160
2010	1,849,081	326,121	1,116,673	3,291,875
2011	4,513,600	1,458,656	3,975,071	9,947,327
2012	2,400,011	951,137	1,939,638	5,290,786
2013	2,687,076	4,001,633	3,993,448	10,682,157
2014	3,099,462	7,317,986	3,434,275	13,851,723
2015	1,309,761	3,946,820	3,199,877	8,456,458
2016	3,867,285 ⁽¹⁾	4,600,829	4,940,479	13,408,593
2017	1,055,264	7,560,344	5,328,660	13,944,268
Total	24,910,224	31,311,495	34,181,566	90,403,285

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

⁽¹⁾ Before concentrate sales of \$4,587,005 capitalized to exploration and evaluation assets prior to commencement of production effective April 1, 2016.

Below is a table summarizing the estimated planned future costs for 2018. 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
2018	\$29,600,000	\$14,500,000	\$45,100,000

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 April 11, 2017 Technical Report on the Avino Property, Durango, Mexico) grouped into the measured, indicated and inferred categories. The effective date of the resource estimates is April 11, 2017.

The resource estimates were prepared by Michael O'Brien P.Geol., Pr.Sci.Nat., who is a "Qualified Person" within the meaning of National Instrument 43-101 and who is an employee of QG Australia Pty Ltd (an ARANZ Geo Company) and independent of Avino, as defined by Section 1.5 of NI 43-101.

Measured & Indicated Mineral Resources				Grade				Metal Contents		
Resource Category	Deposit	Cut-off (AgEQ g/t)	Metric Tonnes	AgEQ g/t	Ag g/t	Au g/t	Cu%	Ag Million Tr Oz	Au Thousand Tr Oz	Cu T
Measured	<i>Avino System</i>	55	950,000	143	74	0.33	0.69	2.3	10.0	6,550
Measured	<i>San Gonzalo System</i>	125	170,000	357	272	1.50	0.00	1.5	8.2	0
Total Measured	All Deposits		1,120,000	176	105	0.51	0.58	3.8	18.2	6,550
Indicated	<i>Avino System</i>	55	500,000	129	68	0.36	0.56	1.1	5.7	2,800
Indicated	<i>San Gonzalo System</i>	125	320,000	310	237	1.30	0.00	2.4	13.3	0
Indicated	<i>Oxide Tailings</i>	50	1,330,000	124	98	0.46	0.00	4.2	19.8	0
Total Indicated	All Deposits		2,150,000	152	111	0.56	0.13	7.7	38.8	2,800
Total Measured & Indicated	All Deposits		3,270,000	160	109	0.54	0.29	11.5	57.0	9,350
Inferred Mineral Resources				Grade				Metal Contents		
Resource Category	Deposit	Cut-off (AgEQ g/t)	Metric Tonnes	AgEQ g/t	Ag g/t	Au g/t	Cu%	Ag Million Tr Oz	Au Thousand Tr Oz	Cu T
Inferred	<i>Avino System</i>	55	5,790,000	155	81	0.57	0.58	15.1	105.8	33,550
Inferred	<i>San Gonzalo System</i>	125	540,000	403	314	1.58	0.00	5.5	27.5	0
Inferred	<i>Oxide Tailings</i>	50	1,810,000	113	88	0.44	0.00	5.1	25.6	0
Total Inferred	All Deposits		8,140,000	162	98	0.61	0.41	25.6	158.9	33,550

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.

Figures in the table may not add to the totals shown due to rounding.

The mineral resource estimate is classified in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum's "CIM Definition Standards - For Mineral Resources and Mineral Reserves" incorporated by reference into National Instrument 43-101 "Standards of Disclosure for Mineral Projects".

Mineral Resources are reported at cut-off grades 55, 125 and 50 g/t silver equivalent grade for the Avino, San Gonzalo and oxide tailings respectively as indicated in the table.

Method of Calculation

The estimation methods used were substantially the same for all three deposits, providing a consistent baseline for strategic planning.

Mineral resources were estimated by ordinary kriging, optimized using kriging neighborhood analysis and verification by means of nearest neighbor and inverse distance methods, swathplot comparisons of estimates and visual inspections. Block models were created for the San Gonzalo and Avino Vein Systems and the oxide Tailings deposit and estimates were made into blocks of sizes 10m easting x 5m northing x10m elevation (San Gonzalo and Avino) and 40m easting x 40m northing x 2m elevation (oxide Tailings).

Classification of the mineral resource was based on kriging variance as a measure of uncertainty with adjustment to practical geometries using geological knowledge of the deposit.

Silver equivalent cut-off grades were applied to satisfy the condition of reasonable prospects for eventual economic extraction and were calculated using conversion formulas $AgEQ = Ag + 55.9 * Au + 72.99 * Cu$ for Avino Vein, $AgEQ = Ag + 69.37 * Au$ for oxide tailings and $AgEQ = Ag + 56.38 * Au$ for San Gonzalo vein System.

Cut-off grades were calculated using current costs, silver price of US\$19.50/oz, gold price of US\$1,250/oz and copper price of US\$2.10/lb.

Since 2013, Avino has drilled 57 new holes on the oxide tailings deposit, nearly three thousand channel samples representing 14,470 metres of vein material have been obtained on the Avino and San Gonzalo Veins, and 46 surface drill holes, (totaling 7,960 m) have been drilled on the San Gonzalo and Avino vein systems. This investment has significantly increased the amount of information available for resource estimation.

Fundamental changes since the previous mineral resource estimates are (1) depletion due to mining (over 1 million tonnes milled since the beginning of 2013), significant new sampling information (almost double in the case of the Oxide Tailings) (3) changes to silver equivalent calculation and cut-offs and (4) reclassification of mineral resources in the light of improved understanding of confidence in the deposits at distances from the underground channel samples and drill hole samples. More sampling information does not always lead to direct increases in resource tonnages and metal. In some cases, the new information provides improved understanding (developed by variogram modelling and kriging neighborhood analysis) that may demote some portions of mineral resource from high confidence categories such as measured and indicated to a lower confidence category such as inferred. Currently, for the San Gonzalo and Avino Vein Systems, estimated blocks more than thirty metres from sampling are not considered to be of sufficient confidence to be indicated category resources and have been classified as inferred resources. Consequently, the total indicated resources for the Avino Property are significantly less than those were reported previously. For the Oxide Tailings, estimated blocks more than fifty metres from sampling are not considered to be of sufficient confidence to be indicated category resources.

Preliminary Economic Assessment on the Oxide Tailings Resource

An update to the Preliminary Economic Assessment (“PEA”) on the Oxide Tailings Resource was published in the April 11, 2017 Technical Report on the Avino Property, Durango, Mexico.

The PEA incorporated Base Case metal prices of \$18.50/oz silver, and \$1,250/oz gold. Highlights of the Base Case economic estimates for the Oxide Tailings Resource are shown in the following table:

The PEA focuses on the Oxide Tailings Retreatment of the Avino mine as a stand-alone project with an initial 7 year life of mine plan (“LOMP”). The Sulphides will be considered during the pre-feasibility study stage, and evaluated as to their own economic viability. This approach provides attractive economic returns using lower initial capital costs.

The Financial results for the base case are presented in the table below:

Description	Base Case
Gold Price (\$/oz)	1,250
Silver Price (\$/oz)	18.5
Total Payable Metal Value (\$'000)	148,892
Refining (\$'000)	6,123
Transportation, Insurance (\$'000)	214
At-mine Revenue (\$'000)	142,555
Operating Costs (\$'000)	47,034
Operating Cash Flow (\$'000)	95,521
Pre-production Capital (\$'000)	24,363
Sustaining Capital (\$'000)	4,352
Salvage Value (\$'000)	-861

Description	Base Case
Reclamation Cost (\$'000)	606
Total Capital Expenditure, Including Reclamation and Salvage (\$'000)	28,460
Cash Operating Costs (\$/oz Ag Payable, net of Au credit)	2.21
Capital Costs (\$/oz Ag Payable)	4.85
Total Costs (\$/oz Ag Payable)	7.07
Net Cash Flow (\$'000)	67,061
Discounted Cash Flow NPV (\$'000) at 5.00%	48,922
Discounted Cash Flow NPV (\$'000) at 8.00%	40,554
Discounted Cash Flow NPV (\$'000) at 10.00%	35,786
Payback (years)	2.0
IRR (%)	48.4

The life of project average material tonnages, grades and metal production are shown below:

Description	Value
Total Tonnes to Mill	3,122,000
Design Annual Tonnes to Mill	500,000
Plant availability	90%
Mine Life (Years)	7
Average Grades	
Gold (g/t)	0.43
Silver (g/t)	87.75
Total Production	
Gold (ozs)	33,000
Silver (ozs)	6,173,000
Average Annual Production	
Gold (ozs)	4,660
Silver (ozs)	881,920

- Excluding 1 year pre-production

PEA Study Parameters and basis of Financial Evaluations

The production schedule was incorporated into the 100% equity pre-tax financial model to develop annual recovered metal production from the relationships of tonnage processed, head grades, and recoveries.

Gold and silver payable values were calculated utilizing base case metal prices. Net invoice value was calculated each year by subtracting the applicable refining charges from the payable metal value. At-mine revenues are then estimated by subtracting transportation and insurance costs. Operating costs for mining, processing, and G&A were deducted from the at-mine revenues to derive annual operating cash flow.

Initial and sustaining capital costs as well as working capital have been incorporated on a year-by-year basis over the mine life. Salvage value and mine reclamation costs are applied to the capital expenditure in the last production year. Capital expenditures are then deducted from the operating cash flow to determine the net cash flow before taxes.

Initial capital expenditures include costs accumulated prior to first production of dore. Sustaining capital includes any capital expenditures required during the production period. Initial and sustaining capital costs applied in the economic analysis are US\$24.36 million and US\$4.35 million, respectively.

The Company cautions that the PEA is preliminary in nature in that it is based on Inferred Mineral Resources which are considered too speculative geologically to have the economic considerations applied to them that would enable them to be characterized as mineral reserves, and there is no certainty that the PEA will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

Sensitivity Analysis

Sensitivities of the project's NPV, IRR and payback period to the Project key variables were investigated. Using the base case as reference, all of the key variables were changed between -30%/+30% at a 10% interval while holding the other variables constant. The project NPV is most sensitive to the silver price, and in descending order gold price, operating costs; and capitals costs. The project IRR is most sensitive to the capital costs and the silver price, followed by the gold price and operating costs and the gold price. The payback period is also most sensitive to the silver price, followed by capital costs, operating costs and the gold price.

Post-Tax Economic Analysis

Avino commissioned an independent accounting firm in Mexico to prepare the tax component for the post-tax economic evaluation for this updated PEA with the inclusion of applicable income and mining taxes, and the results are as follows:

- Federal income taxes in Mexico are calculated using the currently enacted corporate rate of 30%
- A special mining duty (SMD) of 7.5% is applied to net profits and is paid annually and is deductible for tax purposes, resulting in an effective tax rate of 5.25%
- At the base-case gold and silver prices, the total estimated taxes payable are \$26.32 million over the 7 year LOM, as shown below:

	Unit	Base Case
Gold	\$/oz	1,250
Silver	\$/oz	18.50
Extraordinary Mining Duty	\$ million	0.71
Special Mining Duty	\$ million	7.16
Income Tax	\$ million	18.45
Total Tax	\$ million	26.32

Summary of Post-tax Financial Results

	Unit	Base Case
Gold	\$/oz	1,250
Silver	\$/oz	18.50
Undiscounted NCF	\$ million	40.74
NPV (at 5%)	\$ million	28.01
NPV (at 8%)	\$ million	22.19
NPV (at 10%)	\$ million	18.8
IRR	%	32
Payback	Years	2.6

Capital and Operating Costs

All estimates are based on mining the Oxide Tailing resource only. The total capital costs including reclamation and salvage are estimated to be \$28.5 million. The process operating costs include agglomeration, heap leaching, followed by Merrill-Crowe refinery plant to produce a silver/gold doré. The operating cost estimate is reported in US dollars with an exchange rate of Mexican Peso to US Dollars at 12.5. The operating cost estimate is sensitive to the exchange rate. The annual operating costs include:

- Staffing and maintenance manpower
- Power consumption based on the estimated power drawn by the equipment
- Reagent consumption rates and associated costs have been based on recent prices received from reagent suppliers
- Estimated maintenance cost

The operating cost summary for the processing facility and the G&A costs is based on a processing design rate of 1,370 t/d (500,000 tonnes per year) with an availability of 90% and 365 operating days per year resulting in an effective annual production rate of 450,000 tonnes.

The yearly average annual operating cost for the process facilities is estimated to be \$15.06/tonne of tailings treated at the processing rate of 1,370 tonnes per day, as shown in the table below:

Operating Cost Summary:

Description	Personnel	Unit Cost (\$/treated)
Mining	15	1.13
Process	39	12.53
G&A	11	1.41
Total Operating Cost	65	15.06

Mineral Processing, Metallurgical Testing and Recovery Methods

Tetra Tech used the estimated grade values and test work results as reported by MineStart Management Inc. (MMI) and Process Research Associates Ltd. (PRA), who conducted the metallurgical tests, to develop the process flowsheet. The investigated metal recovery methods included gravity separation, flotation, tank cyanide leach, and heap leach processing options. According to preliminary economical evaluations, a heap leach followed by gold and silver recovery using Merrill Crowe process was selected for the PEA study.

Mining Methods

The oxide tailings mineral resource will be mined/moved using a conventional truck/loader surface mining method. The Production cycle consists of loading and trucking. The Loading/trucking operations will be conducted in two 12 hour shifts per day. A 3.85 m³ rated (5.0 yd³) front-end loader will be used to load three, 24 tonne articulated trucks that will either deliver the sulphide tailings to the sulphide waste stockpile or the oxide tailings to the oxide tailings hopper. The Production schedule has been developed for the oxide tailings based on a treatment rate of 500 kt/a, this would be equivalent to a throughput rate of 1,370 t/d. This will give an overall project duration of approximately eight years. This eight-year period includes a one-year pre-production period and excludes the time required for remediation of the heap after the leaching process has been completed. Only oxide tailings will be considered for treatment while sulphide materials will be considered waste at this time. The LOM total oxide tailings materials treated is 3.12 million tonnes with average grades of 87.75 g/t silver and 0.43 g/t gold.

Environmental

Environmental parameters, permits and registrations, and environmental management strategies that may be required for the Project will be summarized in the technical report. Permits and authorizations required for the operation of the Project may include an operating permit, an application for surface tenures, a waste water discharge registration, a hazardous waste generator's registration, and an Environmental Impact Assessment (EIA) or Evaluación de Impacto Ambiental. Acid-base accounting (ABA) tests have indicated that mild acid generation may already have started on the tailings dam. A gap analysis and additional tests to further characterize current conditions of the tailings should be completed to properly design a tailings management plan.

Mineral Resource Discussions

Oxide Tailings

A mineral resource was estimated for the oxide tailings generated from prior historical mining operations, 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 CMMA in 1990, and include 407.75 m of drilling and 383 assays of both gold and silver. The oxide tailings are estimated to contain a 2.34 Mt inferred mineral resource at a grade of 91.3 g/t silver and 0.54 g/t gold, with a 50 g/t silver cut-off. 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 confirmed the presence of gold and silver 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. It is QG Australia (Pty) Ltd.'s opinion that the oxide tailings sampling data are considered sufficient to support the purpose of the Technical Report and a current inferred mineral resource.

Mineral Resources

The Company's August 2016 mineral resource estimate was used as the resource base for the PEA. This new estimate includes data from 57 holes drilled during the last two years. Due to closer drill hole spacing, there is sufficient information to justify elevating 1,330,000 tonnes of the previous 2,340,000 tonnes of inferred resources to the indicated category. However, there is still an additional inferred resource of 1,810,000 tonnes in the new estimate. The oxide tailings resource is accessible on surface and contains significant gold and silver grades. The resource estimate used in the PEA for the oxide tailing resource is outlined in the table below at a cut-off grade of 50 AgEQ g/t.

Measured & Indicated Mineral Resources				Grade				Metal Contents		
Resource Category	Deposit	Cut-off (AgEQ g/t)	Metric Tonnes	AgEQ g/t	Ag g/t	Au g/t	Cu%	Ag Million Tr Oz	Au Thousand Tr Oz	Cu T
Indicated	Oxide Tailings	50	1,330,000	124	98	0.46	0.00	4.2	19.8	0

Inferred	Oxide Tailings	50	1,810,000	113	88	0.44	0.00	5.1	25.6	0
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Note on Mineral Resources

Mineral resources that are not mineral reserves do not have demonstrated economic viability. The PEA 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 results of the PEA will be realized.

Recommendations

The Technical Report contains the following recommendations for further work:

Resource Estimates

In order to improve confidence in the inferred mineral resource of the oxide tailings and evaluate the overlying sulphide tailings, a sonic drill program of 90 holes with 50 m x 50 m drill collar spacing totaling 1,800 m is recommended.

Resource estimates for the ET Zone of the Avino vein, the San Gonzalo vein and tailings should be completed for mine planning purposes.

The drill hole database should be consolidated and mining depletions updated before the estimation is performed.

Process

Take sufficient amounts of samples from both oxide and sulphide tailings to obtain representative samples for assay and metallurgical test work to confirm the grade of the deposit and the recovery of silver and gold from the heap leach process.

Use the results from the metallurgical test work program to confirm/define the duration of leaching on the pad, the reagent consumption values and the silver and gold precipitation efficiencies.

Investigate the metallurgical performance of the sulphide tailings materials and develop the process method for the sulphide tailings materials, including co-processing the sulphide tailings with the oxide tailings.

Environmental

A detailed trade-off study should be undertaken to characterize current conditions of the sulphide tailings and to determine whether the re-treatment of this material would contribute to the profitability of the Project.

Qualified Person(s)

The Qualified Persons as defined by NI 43-101, who supervised and are responsible for the Technical Report on the Oxide Tailings Retreatment of the Avino Mine, and have reviewed the scientific, technical and financial content of this news release, are Hassan Ghaffari, M.A.Sc., P.Eng., P.Eng., Jianhui Huang, PhD., P.Eng., of Tetra Tech Canada Inc., Sabry Abdel-Hafez, PhD., (previously with Tetra Tech Canada Inc.) and Michael O'Brien P.Geol., Pr.Sci.Nat., who is an employee of QG Australia Pty Ltd (an ARANZ Geo Company) and independent of Avino, as defined by Section 1.5 of NI 43-101. The Technical Report for the PEA will be filed on SEDAR with 45 days of this release.

San Gonzalo Mine – Resource Depletion

The mineral resource estimate at San Gonzalo factors in depletion from ongoing mining activities up to the effective date of August 31, 2016. Between the effective date and December 31, 2017 a total of 117,298 tonnes were extracted.

Avino Mine – Resource Depletion

The mineral resource estimate at San Gonzalo factors in depletion from ongoing mining activities up to the effective date of August 31, 2016. Between the effective date and December 31, 2017, a total of 539,206 tonnes were extracted.

Exploration - Avino Vein

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

Between 1968 and 2001, at least 25 diamond drill holes, ranging in length from 132 to 575 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).

Recent Drilling (Post Mine Closure), 2001 to Present

A total of 156 surface and underground drill holes have been completed on the Avino and San Gonzalo veins, totalling 35,846.5 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).

In September 2016, Avino began an exploration diamond drilling program between the San Luis Mine, which was last mined in the 1990's, and the ET Mine, which is the area of current production; both areas are part of the Avino Mine. The area between the two mines is approximately 300 metres long and 220 metres deep and was recently the subject of a geological review where it was determined that the main Avino vein showed economically viable values, was open at depth and was largely underexplored. The 22-hole program, comprising approximately 3,374 metres, was extended from the original 18-hole program to fully evaluate the tonnage and the grade of the new area of the Avino Vein System and was completed in August 2017. The drill results support the continuation of the extensive Avino vein system. This new area is close to surface and accessible from the existing Avino Mine underground workings.

Additional drilling around the Avino Vein in 2017 was focused on the El Chirumbo and San Juventino areas. The historic El Chirumbo area is located at the east end of Avino vein and was previously mined prior to 1940 and is characterized by gold rich mineralization in narrow veins. In 2017, 10 diamond drill holes were completed totalling approximately 2,000 metres. An additional five holes totalling 1,300 meters were drilled at the San Juventino area which is located where the Avino-San Juventino and Footwall Breccia intersect north of the main Avino Vein system.

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.

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.

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 in 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. No holes were drilled at San Gonzalo in 2016.

In 2017, seven holes were drilled at the Guadalupe area totalling 936 metres. The Guadalupe area is located on surface at the west end of the San Gonzalo mine.

Reclamation

The Company has mine closure and reclamation plans for the Avino and San Gonzalo Mines and has estimated the undiscounted value of reclamation at approximately \$1.3 million for the Avino Mine and approximately \$0.3 million for the San Gonzalo Mine as at December 31, 2017.

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.

	2017		2016		2015		
	San Gonzalo	Avino Mine ⁽¹⁾	San Gonzalo	Avino Mine ⁽¹⁾	San Gonzalo	Avino Mine ⁽¹⁾	Avino Mine Stockpiles ⁽¹⁾
Processed							
tonnes	81,045	460,890	115,047	429,289	121,774	389,191	6,922
Grade							
Gold (g/t)	1.32	0.52	1.25	0.42	1.48	0.28	0.71
Silver (g/t)	269	64	267	67	279	65	87
Copper (%)	N/A	0.5	N/A	0.5	N/A	0.63	0.19
Concentrate Produced							
tonnes	3,167	9,782	4,115	9,390	4,517	8,958	99.98
Grade							
Gold (g/t)	26.27	16.72	25.9	12.23	28.34	9.24	29.78
Silver (g/t)	5,800	2,560	6,220	2,620	6,237	2,449	3,926
Copper (%)	N/A	20.28	N/A	20.32	N/A	23.93	N/A
Concentrate Sold							
tonnes	2,895.08	9,139.73	3,229.97	10,761.81	4,481.94	7,695.15	236.681
Grade							
Gold (g/t)	17.16	16.27	20.56	11.48	27.409	10.113	28.129
Silver (g/t)	5,129.31	2,381.36	5,175.13	2,448.42	5,776.91	1,947.82	3,320.44
Copper (%)	n/a	18.38%	n/a	19.01	N/A	23.3	7.68
Average Realized Pricing (US\$/oz)							
Gold (\$/oz)	1,270.75	1,267.09	1,249.70	1,257.91	1,144.62	1,130.49	1,205.76
Silver (\$/oz)	17.01	17.07	17.09	17.74	15.43	15.03	16.12
Copper (\$/lb)	n/a	2.84	n/a	2.19	N/A	2.31	2.49

(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 three months ended March 31, 2016 and the years ended December 31, 2015 and 2014, concentrate sales from the Avino Mine and from Avino Mine stockpiles used for circuit testing were recorded as a reduction of capitalized costs rather than as revenue.

Bralorne Property—British Columbia, Canada

Introduction

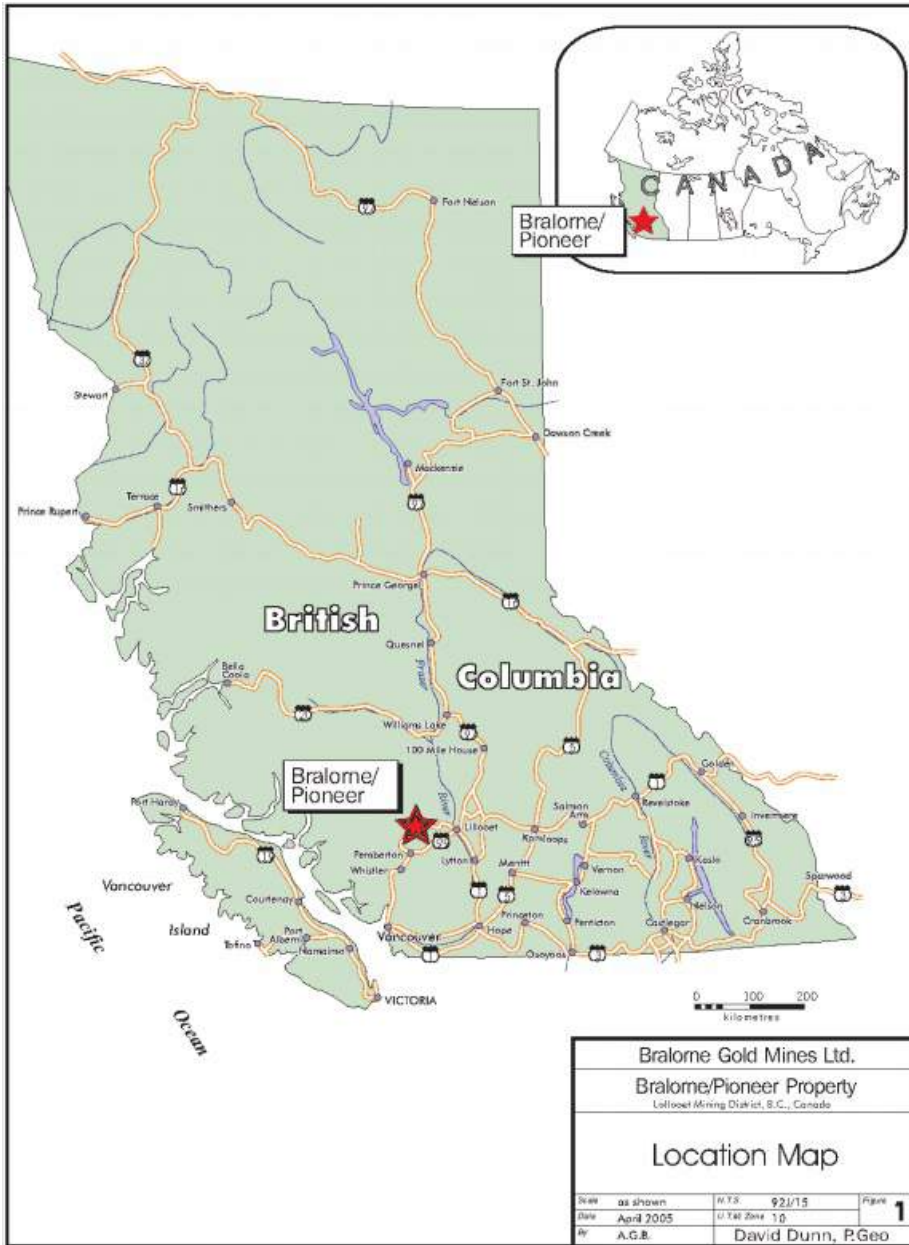
The Bralorne property consists of approximately 11,189 acres (4,528 hectares) of mineral claims located in southwestern British Columbia, Canada, which cover three former gold mines with historic production of 4 million ounces of gold between 1928 and 1971. Since these mines closed, exploration has been 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, tailings storage facility, water treatment plant, and associated surface shops, accommodation and office buildings. Historically, the property was permitted for extracting and processing resources at a rate of up to 450 tonnes (approximately 500 tons) per day. More recently, the mine was permitted to operate at 100 tons per day until its shutdown in 2014. On October 21, 2016, Avino announced the results of an updated NI 43-101 resource estimate for the Bralorne property. The resource estimate has been included in an updated NI 43-101 technical report, prepared by Kirkham Geosystems Ltd., which was filed on SEDAR and EDGAR on October 27, 2016 and is discussed in more detail in the Resource Estimate section below. Continued exploration and trial mining is planned with the aim of lowering costs and outlining sufficient additional resources for an expansion of activities.

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:



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 70 full-time residents. The community of Gold Bridge lies 11 kilometres northwest of Bralorne and including the surrounding area has a population of approximately 50. 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 serpentized 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 strike-slip 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 serpentized 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 serpentized, or altered to talc-antigorite-tremolite-carbonate, and are intruded by diorite. The Bralorne intrusive suite includes augite diorite and “Soda Granite” (trondhjemite or albite tonalite), 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 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. During 2016, the Company also acquired a 100% interest in nine mineral claims from Great Thunder Gold Corp. (“GTG”) located in the Lillooet Mining Division of British Columbia, known as the BRX 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 (C\$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:

- DL 5742 Sunbeam
- DL 5743 Comstock No. 5
- DL 5744 Comstock No. 2
- DL 5745 Homestake
- DL 5746 Sunshine
- DL 5747 Comstock No. 3
- DL 5748 Lorenzo
- DL 5750 Orion No. 4
- DL 5751 Orion
- DL 5752 Comstock No. 8
- DL 5754 Comstock No. 7
- DL 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 9 of its 154 Crown Grants as listed below:

- DL 456 Pioneer
- DL 457 Ida May
- DL 539 Little Joe
- DL 579 Wood Chuck
- DL 670 Telephone
- DL 671 Wood Duck (Lot 1)
- DL 5489 Telephone Fr.
- DL 5484 Polnud (Lot 20)
- DL 5582 Millbank
- DL 7883 Cora Fr (Lots 3, 4, 6, and 7 – no Crown granted mineral claim, surveyed lot only)

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 BC Ministry of Finance a tax at C\$1.25 per hectare up to a holding of 20,235 ha if no commercial production has been declared 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 was C\$2,248.37 in 2016. All of BGM’s Crown granted mineral claims are in good standing until July 2017 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 cell claims in terms of holding costs. Below is the required work value for mineral cell claims.

First and second anniversary years	C\$5.00 per hectare per year
Third and fourth anniversary years	C\$10.00 per hectare per year
Fifth and sixth anniversary year	C\$15.00 per hectare per year
Subsequent anniversary years	C\$20.00 per hectare per year

Instead of applying a work value to claims the claim owner can pay cash in lieu of expenditure to the British Columbia government (“cash-in-lieu”). To maintain the claim by paying cash-in-lieu, double the minimum value of exploration and development for the respective anniversary year as noted above would need to be paid.

Any mineral cells which have a border with each other are considered to be contiguous and the work value performed on one claim can be applied proportionally to all connected cells.

All of Bralorne’s reverted Crown granted mineral claims and mineral cell claims are contiguous.

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 and mineral cell claims are in good standing with the first expiry date being September 23, 2026, with the exception of one mineral cell claim (tenure number 1051046) which has a good to date of March 29, 2018. It is expected that new exploration work prior to that date will be completed and work credit been applied to all claims to bring them to the same good to date as they are all contiguous. Alternatively, cash-in-lieu can be paid for this claim to extend the expiry date.

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 Avino Silver & Gold Mines Ltd.:

District Lot Number	Claim Name	Area [ac]	Area [ha]
456	PIONEER	51.14	20.70
457	IDA MAY	45.71	18.50
458	NELLIE FRACTION	1.14	0.46
459	MARY FRACTION	35.21	14.25
460	TRIO	44.66	18.07
539	LITTLE JOE	51.65	20.90
540	WHITE CROW	42.64	17.26
541	BEND'OR FRACTION	5.53	2.24
542	JIM CROW FRACTION	0.90	0.36
543	DELIGHTED	26.22	10.61
579	WOOD CHUCK	38.20	15.46
580	COPELAND	24.61	9.96
581	HIRAM	42.35	17.14
584	COSMOPOLITAN	40.34	16.33
586	MARQUIS	24.50	9.92
587	GOLDEN KING	45.44	18.39
588	LORNE	50.25	20.34
665	ALHAMBRA	24.65	9.98
666	NIGHT HAWK	28.25	11.43
667	LURGAN FRACTION NO 1	3.62	1.47
668	LURGAN FRACTION NO 2	8.55	3.46
669	METROPOLITAN	32.80	13.27
670	TELEPHONE	28.70	11.61
671	WOOD DUCK	24.58	9.95
673	EXCHANGE FRACTION	21.85	8.84
1176	BLACKBIRD	37.70	15.26

District Lot Number	Claim Name	Area [ac]	Area [ha]
1177	COUNTLESS	44.30	17.93
1179	NELLIE	39.50	15.99
1221	WHIP-POOR-WILL	44.00	17.81
1222	DUKE	21.48	8.69
1224	ROYAL	23.70	9.59
1225	LE ROY	39.30	15.90
1226	MAUD S. FRAC.	30.50	12.34
2372	SILVER DOLLAR	46.62	18.87
2374	GOLDEN RIBBON	50.00	20.23
2375	ALMA	34.97	14.15
2376	UNION FRACTION	45.86	18.56
2377	GOLDEN QUEEN FRACTION	45.11	18.26
2378	SILVER KING	37.61	15.22
2379	MOTHERLODE FRACTION	27.52	11.14
2380	ANDY FRACTION	10.69	4.33
2381	DON F	48.98	19.82
2382	DON C	19.11	7.73
2383	DON A	25.63	10.37
2384	DON E	38.11	15.42
2385	DON B FRACTION	13.73	5.56
2387	ROBIN	5.89	2.38
2388	RAINIER	42.41	17.16
2389	TACOMA	31.63	12.80
2390	SEATTLE	16.68	6.75
2393	NUGGET KING	51.65	20.90
2394	DON Z FRACTION	5.47	2.21

District Lot Number	Claim Name	Area [ac]	Area [ha]
2394	DON 2 FRACTION	5.47	2.21
3045	SUNSET	47.19	19.10
3046	GREAT FOX	51.65	20.90
3047	EAST PACIFIC	51.30	20.76
3048	CLIFTON	51.65	20.90
3049	CORASAND	41.27	16.70
3050	EMMADALE	44.00	17.81
3051	UNION JACK FRAC.	9.25	3.74
3053	TITANIC FRAC.	9.15	3.70
3091	INVINCIBLE	40.49	16.39
3660	GOLDEN GIRL	51.65	20.90
5323	LEON NO. 1	27.27	11.04
5324	LEON FRACTION	23.59	9.55
5325	LEON NO. 2	50.25	20.34
5326	LEON NO. 3	48.00	19.43
5328	LEON NO 4	34.55	13.98
5331	VICTOR FRACTION	30.70	12.42
5332	HIRAM FRACTION	0.27	0.11
5455	VIRGINIA	14.26	5.77
5456	NOELTON FRACTION	48.67	19.70
5457	MAUSER	30.99	12.54
5458	CARL	2.26	0.92
5459	ALEX	38.57	15.61
5460	MATTHEW	31.14	12.60
5461	JOHN	39.42	15.95
5462	KATHLEEN	51.62	20.89

District Lot Number	Claim Name	Area [ac]	Area [ha]
5463	RAYMOND	41.03	16.60
5464	SAVAGE	49.32	19.96
5465	WINCHESTER	34.72	14.05
5466	LEE METFORD	28.99	11.73
5467	CARBINE	29.93	12.11
5468	EAGLE FRACTION	23.18	9.38
5469	EAGLE	34.58	13.99
5470	EAGLE NO. 1	49.79	20.15
5475	LUCKY BOY FRACTION	8.41	3.40
5476	BESSIE FRACTION	39.15	15.84
5477	SAVOY	45.70	18.49
5478	EMPIRE FRACTION	20.06	8.12
5479	EUREKA	40.70	16.47
5480	CASCADE FRACTION	26.43	10.70
5481	COSMOPOLITAN FRACTION	25.93	10.49
5482	DUKE FRACTION	3.90	1.58
5483	CORONATION FRACTION	0.76	0.31
5484	POLNUD	47.54	19.24
5485	MACK FRACTION	40.65	16.45
5486	NIGHT HAWK FRACTION	2.17	0.88
5487	POLNUD FRACTION	1.54	0.62
5488	PASADENA FRACTION	7.70	3.12
5489	TELEPHONE FRACTION	11.42	4.62
5508	MONICA MARJORIE	49.40	19.99
5517	A FRACTION	6.92	2.80
5518	HILDA	43.09	17.44

District Lot Number	Claim Name	Area [ac]	Area [ha]
5519	B FRACTION	2.77	1.12
5520	MARGARET	37.69	15.25
5521	HOPE	37.32	15.10
5522	DAVID	12.50	5.06
5523	JACK	38.08	15.41
5524	ANNETTE FRACTION	21.39	8.66
5525	BUCK FRACTION	2.36	0.96
5582	MILLBANK	50.34	20.37
5591	GREAT DIVIDE FRACTION	3.01	1.22
5594	DEVELOPMENT NO. 2	19.84	8.03
5595	DEVELOPMENT NO. 1	27.89	11.29
5596	DEVELOPMENT NO. 2A	46.91	18.98
5597	DEVELOPMENT NO. 3	49.36	19.98
5598	DEVELOPMENT NO. 4	47.63	19.28
5600	OMEGA	32.05	12.97
5601	OMEGA NO 1	31.58	12.78
5602	OMEGA NO 2	38.57	15.61
5603	OMEGA NO 3	42.73	17.29
5604	OMEGA NO 4	48.48	19.62
5719	ALPH FRACTION	28.94	11.71
5742	SUNBEAM	26.53	10.74
5743	COMSTOCK NO. 5	24.86	10.06
5744	COMSTOCK NO. 2	28.88	11.69
5745	HOME STAKE	25.14	10.17
5746	SUNSHINE	37.20	15.05
5747	COMSTOCK NO. 3	35.48	14.36
5748	LORENZO	35.05	14.18
5750	ORION NO. 4	49.05	19.85
5751	ORION	13.06	5.29
5752	COMSTOCK NO. 8	43.52	17.61

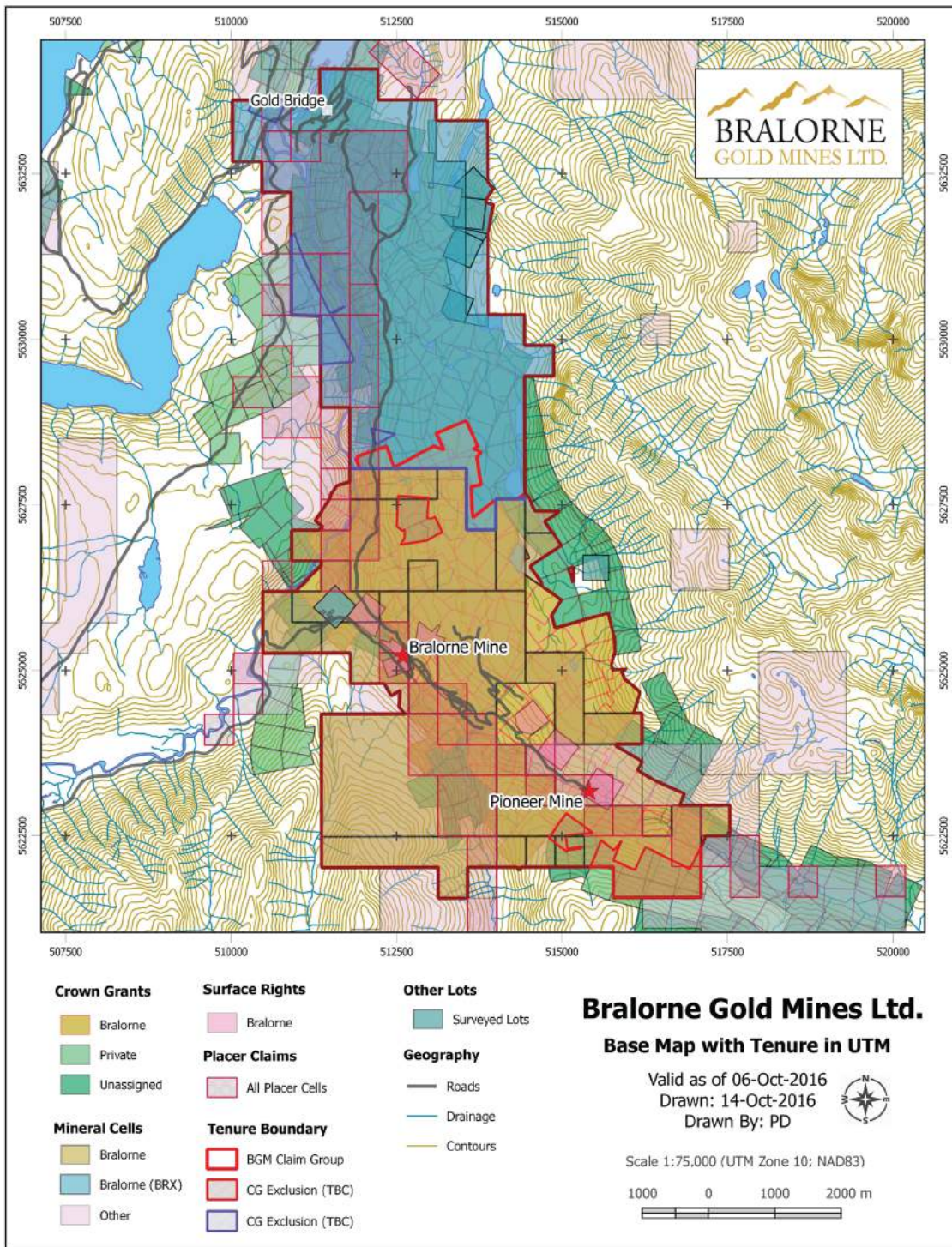
District Lot Number	Claim Name	Area [ac]	Area [ha]
5754	COMSTOCK NO. 7	26.27	10.63
5755	COMSTOCK NO. 6	12.38	5.01
5920	EDNA MARY	45.50	18.41
5921	ALEX FRACTION	5.79	2.34
5922	ALEX NO. 2 FRACTION	6.04	2.44
5923	RAYMOND FRACTION	4.59	1.86
5924	STAR FRACTION	24.82	10.04
5925	STAR NO. 1 FRACTION	20.96	8.48
6037	TURRET FRACTION	3.43	1.39
6038	GOLD KING	21.77	8.81
6039	EAGLE	26.35	10.66
6040	WHITE STAR	32.83	13.29
6041	ANNE FRACTION	21.68	8.77
6044	DON C. FRACTION	9.84	3.98
6045	ROBIN FRACTION	4.63	1.84
6048	MARIE FRACTION	31.99	12.95
6466	BLUE JAY	36.58	14.80
6830	DIANE	49.05	19.85
6839	HEATHER FRACTION	14.78	5.98
6840	CAROL FRACTION	40.80	16.51
6945	LEE FRACTION	0.18	0.07
6946	A.M.	33.84	13.70
6947	BEEF FRACTION	44.73	18.10
6948	DEEP FRACTION	29.40	11.90
6954	AUDREY FRACTION	13.28	5.37
7078	JACK FRACTION	1.73	0.70
7428	J.B. FRACTION	2.22	0.90
7429	JEAN FRACTION	8.25	3.34
7430	JEAN NO 4 FRACTION	29.53	11.95

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

	Tenure	Claim Name	Type	Sub Type	Map	Issue Date	Good To Date	Status	Area (ha)	Remarks
BRX	228251	REFER TO LOT TABLE	Mineral	Claim	092J	1979/JAN/23	2026/SEP/23	GOOD	25.0	
	228252	REFER TO LOT TABLE	Mineral	Claim	092J	1979/JAN/23	2026/SEP/23	GOOD	25.0	
	228461	REFER TO LOT TABLE	Mineral	Claim	092J	1982/NOV/10	2026/SEP/23	GOOD	25.0	
	228462	REFER TO LOT TABLE	Mineral	Claim	092J	1982/NOV/10	2026/SEP/23	GOOD	25.0	
	228501	FISHLAKE #2	Mineral	Claim	092J	1983/APR/11	2026/SEP/23	GOOD	100.0	Reverted Crown grant restaked as four-post mineral cells.
	228544	PINE	Mineral	Claim	092J	1983/OCT/19	2026/SEP/23	GOOD	150.0	Reverted Crown grant restaked as four-post mineral cells.
	228736	REFER TO LOT TABLE	Mineral	Claim	092J	1985/NOV/14	2026/SEP/23	GOOD	25.0	
	228738	REFER TO LOT TABLE	Mineral	Claim	092J	1985/NOV/14	2026/SEP/23	GOOD	25.0	
	510227		Mineral	Claim	092J	2005/APR/05	2026/SEP/23	GOOD	1714.8	
	316338	MEAD	Mineral	Claim	092J	1993/FEB/28	2026/SEP/23	GOOD	100.0	Reverted Crown grant restaked as four-post mineral cells.
316573	KING	Mineral	Claim	092J	1993/MAR/05	2026/SEP/23	GOOD	100.0	Reverted Crown grant restaked as four-post mineral cells.	
Bralorne	510593		Mineral	Claim	092J	2005/APR/12	2026/SEP/23	GOOD	122.6	
	510594		Mineral	Claim	092J	2005/APR/12	2026/SEP/23	GOOD	81.7	
	510595		Mineral	Claim	092J	2005/APR/12	2026/SEP/23	GOOD	40.9	
	510596		Mineral	Claim	092J	2005/APR/12	2026/SEP/23	GOOD	40.9	
	510597		Mineral	Claim	092J	2005/APR/12	2026/SEP/23	GOOD	490.6	
	511088		Mineral	Claim	092J	2005/APR/19	2026/SEP/23	GOOD	20.4	
	511645	BP 1	Mineral	Claim	092J	2005/APR/25	2026/SEP/23	GOOD	143.1	
	517280		Mineral	Claim	092J	2005/JUL/12	2026/SEP/23	GOOD	61.3	
	552953	BP3	Mineral	Claim	092J	2007/FEB/28	2026/SEP/23	GOOD	265.8	
	552955	BP4	Mineral	Claim	092J	2007/FEB/28	2026/SEP/23	GOOD	326.9	
	552959	BP5	Mineral	Claim	092J	2007/FEB/28	2026/SEP/23	GOOD	286.1	
	552966	BP6	Mineral	Claim	092J	2007/FEB/28	2026/SEP/23	GOOD	81.8	
	552971	BR7	Mineral	Claim	092J	2007/FEB/28	2026/SEP/23	GOOD	61.3	
	552973	BP8	Mineral	Claim	092J	2007/FEB/28	2026/SEP/23	GOOD	20.4	
	608095	DEVELOPMENT FRACTION	Mineral	Claim	092J	2009/JUL/16	2026/SEP/23	GOOD	20.4	
	719549	NUGGET KING	Mineral	Claim	092J	2010/MAR/10	2026/SEP/23	GOOD	20.4	
	818062	DEV. FR. 2	Mineral	Claim	092J	2010/JUL/14	2026/SEP/23	GOOD	20.4	
	882129	PIONEER EXTENSION	Mineral	Claim	092J	2011/AUG/05	2026/SEP/23	GOOD	20.4	
1051046		Mineral	Claim	092J	2017/MAR29	2019/MAR/29	GOOD	20.4		
Total Area [ha]									4,460.88	
Total Area [ac]									11,023.1	
Total Area [km²]									44.6	

This list is considered to be accurate as of March 20, 2018, 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 \$35 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 1,800 meters below surface at the deepest part (~670 meters below sea level).

With the acquisition of the "BRX" claims to the North of the Bralorne claims in August 2016, it expanded to include the former California and Arizona mine workings among others.

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 280 tons/day 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 15.87 g/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 Exploration, Development and Advancement Activity

BGM continued exploration and evaluation of the property between 2009 and 2014, and conducted diamond drilling, underground advancement plus trial mining and milling. The purpose of this work was to locate new gold resources and evaluate production at higher gold prices.

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.

The Beacon 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).

In October 2014, BGM was acquired as a wholly owned subsidiary of Avino Silver & Gold Mines Ltd. Under Avino's ownership, BGM continued its trial mining program and carried out diamond drilling in the winter of 2014 and 2015.

Annual drilling is summarized in the table below. From 2009 to 2013, a total of 100 holes totaling 16,114.6 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 7,628.5 meters on 10 holes on the Prince and Shaft veins in 2014, and 25 holes on the Alhambra and 77 / 52 Veins in 2015.

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	30	5,202.9	NQ
	Underground	5	902.2	NQ
2012	Surface	2	569.1	NQ
	Underground	17	2,274.3	NQ
		9	137.8	AW
2013	Underground	4	600.0	NQ
		6	114.0	AW
2014	Surface	10	1,054.3	NQ2
2015	Surface	25	6,574.2	NQ2

The Bralorne underground mine is operated under EMPR Permit M-207. This permit was based on a mine plan for an underground operation of 100 tons per day.

Historic and recent nderground 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 2015, no underground advancement occurred in 2016.

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.

Year	Location	Type	Amount	Units
	North Subdrifting	Subdrift	567.6	ft.
	North Slot Raises	Slot Raising in Stope	477.2	ft.
	North Vein Stopping	Stopping	650.6	tons
	Taylor Access	Underground Rehab	368.0	ft.
2011	BK Stope (lifts)	Stopping	7,966.7	tons
	North Slot Raises	Slot Raising in Stope	118.5	ft.
	North Stopping tons/slashes	Stopping/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.
	BK Portal	Trackless Decline / Incline (11'x9')	134.9	ft.
	BK Stopes	Stopping	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	Stopping	20,953.9	tons
2015	BK Access	Trackless Drifting (11'x9')	685.2	ft

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 (\$/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 (\$/oz)	1,215.53

Recent Exploration, Development and Advancement – 2015 - 2017

During 2015 and 2016, Avino worked to provide a route to Bralorne’s growth with manageable sequenced capital expenditures. Independent mining engineers continued to review potential scenarios to develop a long term mine plan which includes a change to narrow vein long hole mining wherever possible, to replace the historic labor intensive shrinkage and cut and fill mining methods.

By mid-year of 2017 the Company completed its review of potential scenarios for developing an operating plan. The original plan was for the future start-up of a small tonnage operation, and during the course of work being completed, our onsite consultants identified ground and safety issues in the existing 800 level tunnel. It was determined that the 800 level needed rehabilitative work, and consultants were engaged to review and develop a plan for the repairs. In view of the proposed repairs, which would have restricted mine throughput, the consultant’s recommendations were to construct a new tunnel on the 800 level, due to the age and limiting size of the original main access tunnel. The future construction of a new 800 tunnel should allow earlier access to the resources below the 800 level.

The recommended new 800 level tunnel would be sized for mechanized equipment (4.5 metres x 4.5 metres) for the long term development of the mine to depth. The portal entrance would be near the mill, and replace the old 800 tunnel (2.5 metres x 2.5 metres) which was only accessible by small track equipment. The old tunnel would be made safe and would still be used for ventilation, secondary egress, and mine water drainage.

The proposed new mine plan also contemplates testing a different mining method, sub level long hole retreat mining on veins where the hanging wall, foot wall, and mineralization are conducive to this method, which should be safer and more productive than the shrinkage and cut & fill mining methods used in the past. Combined with the larger new tunnel, the mining operation should be more mechanized and efficient than in the past and enable operating at a higher mining rate.

During this past year, an independent consulting engineering firm has reviewed the processing plant and infrastructure to determine which buildings and equipment should be replaced. Most of the equipment was configured for a 100 ton per day operation and will need to be updated for the anticipated higher processing plant operating rate. Accordingly, new or refurbished equipment is being proposed for the processing plant. A separate crushing building is being considered for the plant, with separate fine ore storage, which will provide more space in the current mill building for the larger equipment being considered. Other building and surface infrastructure will either be upgraded to meet the current required capacity, or they will be removed / demolished, and replaced.

On November 3, 2017, the Company received an approved Permit Amendment from the EMPR. The Permit Amendment provides a comprehensive and responsible permit, which is updated to modern environmental and permitting standards, and is an important step in the Company's strategic plan to re-open the Bralorne Gold Mine. With the receipt of this modern permit, the Company anticipates an easier and quicker transition to an amended permit that will allow for future expansion. A surface and underground drill program is set to begin in January of 2018.

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. In 2017, Avino continued with the underground mining training for members of the St'at'imc communities, and the third training program with North Island College began in November in Pemberton, B.C. In addition to the training program through North Island College, Avino has been working with the Center for Training Excellence in Mining, the BC government, Thompson Rivers University, New Gold, Seabridge Gold and Sandvik, amongst others, on the development of the curriculum for a new accredited underground mining training program aligned with the Mining Industry Human Resources Council's Canadian Mining Certification Program.

During 2017, Avino announced the signing of a non-binding Letter of Intent ("LOI") to recognize the opportunity for collaboration and the establishment of joint ventures to allow the St'at'imc First Nations (the "St'at'imc") to economically participate in the development and ongoing operations of the Bralorne Gold Mine project. St'at'imc Eco-Resources Ltd. is owned by 9 of the 11 St'at'imc Communities.

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 shut down in December 2014. No tailings were produced or deposited in 2015-2016.

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 (now the Ministry of Energy, Mines & Petroleum Resources “EMPR”) to operate the TSF with the raise was received on 11 December 2015. However, holes drilled through the dam to install piezometers and check the quality of the material below the bottom of the dam in November of 2015 plus additional holes drilled in January of 2016 and subsequent geo-technical evaluation in early 2016 indicated that construction of a Buttress would be required along part of the dam to stabilize this area. Thus, the TSF could not be used to store water or tailings until the Buttress work was completed. This work was completed in August of 2016 and approval received for use in September of 2016.

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 third party Dam Safety Review by SRK Consulting was completed in December 2016.

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 (“MOE”) 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 SNC Lavalin in 2015. New cables were also installed at this time. With the Company anticipating expanded mill throughput, the tailings pumps and tailings lines will need to be upgraded.

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. Arsenic is the only parameter of concern in the mine drainage water.

TetraTech was engaged in January of 2016 to review the Water Tiger treatment system for its adequacy and what would be best for the long term. SNC Lavalin had carried out a number of studies in 2015 to determine what could be expected for high flows at freshet, what treatment processes should be considered and also what was the reason for the high flows from the mine in 2015. Tetra Tech reviewed the SNC Lavalin work and recommended the rental of the Pall System to treat the water. The Pall system removes arsenic through precipitation with Ferric chloride followed by Microfiltration. Tetra Tech also designed the system to manage the sludge generated by the Pall System, which included the use of Geo-Tubes. A portable Pall System was available immediately which could treat 35l/s using two trains. This system was rented and on site for use by April 1st the usual start of freshet. The Company purchased the plant and has enclosed the total water treatment system in a new building to protect it from the elements.

SNC Lavalin indicated that the high flows in 2015 could be from new openings from surface, new flows from underground, caving from old stopes underground. The Company inspected the surface for water flowing to the underground and stopped or diverted water in these areas.

In 2017, Lorax carried out some hydro-geological work on surface and a review of the underground to determine whether there are any areas of inflow that could be mitigated, and this work is in progress.

In 2015 and 2016 maximum flows from underground reached 35l/s. The Pall System can treat this level of flow. The Water Tiger treatment system will be maintained as standby, which can treat another 8l/s. The water treatment system is used to minimize mine drainage water pumped to the TSF and can be used to treat TSF supernatant to further reduce TSF water levels. During 2017, the Pall System operated well.

The Interim Closure and Reclamation Plan (“ICRP”) and review process is underway and was completed in the first quarter of 2017. The new Water Treatment Plant (“WTP”) was enclosed in a new building in November to protect it from the elements, and was ready for freshet in early 2017. The work on the TSF, the ICRP, WTP and the strategic operating plan are all contributing to the Company’s goal of obtaining the permits from EMPR and MOE to resume processing and mining activities.

Project Infrastructure

The infrastructure at the Bralorne Mine is well developed. A 100 ton per day plant was in place and was operated from 2011 through 2014 on a trial basis, processing 100-120 t/d of material. In 2017, it was decided to remove all of the equipment for the 100 ton per day operation from the mill building to allow expansion for a larger processing plant. The access roads to the minesite are provincially maintained and open year-round. All other buildings on site are being reviewed for upgrading or replacement. The minesite has high speed internet communications.

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. Engineering work in 2017 determined that there is sufficient power to expand the operating rate to about 500tpd with minimal capital expenditures.

Offices, Dry, Warehouse and Camp

The facilities at the Bralorne Mine were in good condition and were adequate for the past extracting and processing activities. The camp can house up to 45 people, however, with the Company planning and expansion, the camp will need to be expanded or a new one constructed.

Processing Plant

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

The crushing circuit was capable of 50 t/hr, and would operate with single shift crushing; however, feed storage was limited at 90t coarse material and 180t fine material (in two bins). The feed was reclaimed from the fine material bins and fed to a 6.5’ x 6’ ball mill fitted with a 150HP motor. The ball mill operated at 72% critical speed and drew 80HP at the pinion.

The feed to the mill was determined by belt cuts. Processing experience indicated that as tonnage was increased beyond approximately 3.7 t/hr (80 t/day), 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 was passed over a jig. Jig tailing was cyclone feed, the cyclone underflow being returned to the mill and overflow reporting to the conditioning tank ahead of flotation.

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

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

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

During this past year, an independent consulting engineering firm has reviewed the processing plant and infrastructure to determine which buildings and equipment should be replaced. Most of the equipment was configured for a 100tpd operation and will need to be updated for the anticipated higher processing plant operating rate. Accordingly, new or refurbished equipment is being proposed for the processing plant. A separate crushing building is being considered for the plant, with separate fine ore storage, which will provide more space in the current mill building for the larger equipment being considered and all of the equipment for the 100 tpd mill has been removed. Other building and surface infrastructure will either be upgraded to meet the current required capacity, or they will be removed / demolished, and replaced.

Mining Fleet

The Bralorne mining fleet in 2017 includes an excavator, 2 loaders, 5 scoop trams, 3 electric locomotives with 5 mine cars, a rock breaker, a jumbo and an emergency transport vehicle. The excavator and one of the loaders were replaced with new ones and, two of the 5 scoops were replaced with new ones.

Costs Incurred to Date

The table below for the period from acquisition on October 20, 2014 to December 31, 2017 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	754,294	78,712	137,413	970,419
2015	6,976,189	1,054,829	5,868	8,036,886
2016	7,707,201	2,956,955	1,825	10,665,981
2017	11,490,870	243,291	2,135	11,736,296
Total	26,928,554	4,333,787	147,241	31,409,582

**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 2018. 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
2018	\$2,800,000	\$1,700,000	\$4,500,000

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.

Resource Estimates – Methodology

The drill hole database was supplied in electronic format by Bralorne. This included collars, down hole surveys, lithology data, vein intersections and Au opt along with down-hole from and to intervals in imperial units. A total of 3,396 collars with 15,897 individual assays were supplied which included 321 drillholes, 2 trenches, 266 back samples, 1,187 face samples, 386 historic channels, 256 raises and 972 stope samples.

In addition, composites within the vein structures was supplied which is included 3,878 assay intervals with uncut Au opt and the application of a 3 opt top cut at varying stages.

A solid model of the 51bFW, 51bHW/FW, Alhambra, BK, BK-9870, BKN, Prince, Shaft, Taylor zones was supplied by Bralorne. These are based upon assay intersections, visual inspection and site knowledge.

Intersections were inspected against the corresponding solid for which it was assigned. The challenge for vein type deposits relate to geometric precision due to the lack of relative precision with the downhole and sample survey information. Therefore, although the intercepts may not exactly align with the vein solid, the composites are tagged to appropriate solid for use within the interpolation process. Once the solid volumes are created, they are used to code the drill hole and sample assays and composites for subsequent statistical and geostatistical analysis. In addition, these vein solids volumes are coded into the block model in order to derive a partial percentage which is important for weighting the calculations for volumes and tonnages. The solid volumes are also then utilized to constrain the block model by matching assays to those within the zones. The orientation and ranges (distances) utilized for search ellipsoids used in the estimation process were derived from strike and dip of the mineralized zone and site knowledge and on-site observations.

The composite database was supplied in electronic format by Bralorne. This included collars, down hole surveys and composite gold assays along with vein assignments.

It was determined that the 4' composite lengths offered the best balance between supplying common support for samples and minimizing the smoothing of the grades. The 4' sample length also was consistent with the distribution of sample lengths within the mineralized domains.

The method employed for capping was to limit the range of influence for gold values greater than 3 opt to 25 feet, which equates to the adjacent, adjoining two blocks. Outside of this range, the gold values are capped to 3 opt.

The block models are orthogonal and non-rotated with the exception of the Alhambra and the 51b models which are reflective of the orientation of each deposit. The block size chosen was 16' x 4' x 16' for all models with the exception of the 51b veins which are 20' x 20' x 4'. These block sizes differ considerably from previous models which utilized significantly smaller blocks but the author feels that the larger block size is a better reflection of the distribution of the data.

The search strategy employed for all zones was using inverse distance squared (ID2) as the interpolator, using a 200' omnidirectional search with a minimum of 3 composites, a maximum of 9 and a maximum of 3 composites per drillhole. The average bulk dry density for ore-grade mineralized vein is 12.1 ft³/ton (2.63 cubic meters per tonne). This is the value historically used on-site and is based measurements and on production experience. All tonnage calculation utilizes this value. It is recommended that densities be revised and continually verified.

Solids volumes have been created of the mined out areas that must be accounted for and extracted from the resource calculation. These volumes have been coded into the block model and utilized for resource reporting.

During the block model estimation process, the distance to nearest composite, average distance, number of composites and number of drillholes stored.

The following details the grid spacing for each resource category to classify resources are;

- **Measured**

Note that based on the Canadian Institute of Mining (CIM) definitions, continuity must be demonstrated in the designation of measured (and indicated) resources; therefore, no measured resources can be declared based on one hole. The uncertainty based on current information suggests a spacing of 25 ft may be required to classify measured resources.

- **Indicated**
Resources in this category could be delineated from multiple drill holes located on a nominal 50 ft square grid pattern.
- **Inferred**
Resources in this category include any material not falling in the categories above, and within a maximum 100 ft.

The spacing distances are intended to define contiguous volumes, and they should allow for some irregularities due to actual drill hole placement. The final classification volume results typically must be smoothed manually to come to a coherent classification scheme. Subsequently, each of the zones were evaluated and digitized to insure continuity of the classification and eliminate the “spotted dog” effect.

Resource Estimates – Bralorne Property

The following is a summary of current resources at the Bralorne Property, grouped into the measured, indicated, and inferred categories. The effective date of the resource estimates is October 20, 2016. The resource estimates were prepared by Garth Kirkham, P. Geo., who is a “qualified person” within the meaning of National Instrument 43-101, and who is an employee of Kirkham Geosystems Ltd. and independent of Avino, as defined by Section 1.5 of NI 43-101.

Class	Measured			Indicated			Measured and Indicated			Inferred		
	Tons	Au opt	Au Ounces	Tons	Au opt	Au Ounces	Tons	Au opt	Au Ounces	Tons	Au opt	Au Ounces
51b FW	8,294	0.26	2,176	33,466	0.2	6,596	41,760	0.21	8,772	147,691	0.19	28,785
51bFW/HW	15,713	0.27	4,313	26,717	0.62	16,639	42,430	0.49	20,953	39,072	0.38	14,828
Alhambra	21,915	0.46	10,153	16,462	0.26	4,259	38,377	0.38	14,412	10,454	0.19	2,001
BK	-	-	-	50,501	0.33	16,822	50,501	0.33	16,822	50,430	0.16	8,064
BK-9870	-	-	-	5,754	0.53	3,058	5,754	0.53	3,058	7,327	0.27	1,986
BKN	-	-	-	37,546	0.36	13,569	37,546	0.36	13,569	46,972	0.30	14,007
Prince	-	-	-	-	-	-	-	-	-	12,790	0.17	2,138
Shaft	-	-	-	41,300	0.28	11,432	41,300	0.28	11,432	25,781	0.27	6,994
Taylor	-	-	-	15,455	0.16	2,510	15,455	0.16	2,510	23,010	0.22	5,097
Total	45,922	0.36	16,643	227,201	0.32	74,855	273,123	0.33	91,528	363,527	0.22	83,900

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.

Figures in the table may not add to the totals shown due to rounding.

The mineral resource estimate is classified in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum's "CIM Definition Standards - For Mineral Resources and Mineral Reserves" incorporated by reference into National Instrument 43-101 "Standards of Disclosure for Mineral Projects".

Mineral Resources are reported at cut-off grades 0.1 ounces per ton gold.

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.

Resource Depletion

Since the resource estimate was published on October 27, 2016, there has been no mining activity on the property.

Reclamation

On November 3, 2017, Bralorne received approval of the Interim Closure and Reclamation Plan (ICRP) through an Amended Mines Act Permit, M-207. 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.

Reclamation Projects in 2017 included field work for the Terrestrial Plan with Risk Assessment. The Terrestrial Plan will be completed in early 2018 and will inform pre and post-closure reclamation prescriptions.

The Preliminary Site investigation for 2 pre-closure reclamation areas was completed in 2017 by TetraTech. This was followed by a Risk Assessment and Feasibility study to determine the reclamation method and next steps. This report will be completed in early 2018.

In 2017, the report for the small scale Bioreactor project was issued. The bioreactor is potentially a viable solution for post-closure passive water treatment. The pilot scale system was designed and constructed in 2017. Commissioning will occur in early 2018. The results of the pilot scale will inform the design of the full scale system.

BRX Property – Not Active

Ownership. The wholly owned BRX was acquired in 2016 when Avino purchased a 100% interest in nine mineral claims from Great Thunder Gold Corp. ("GTG"). In consideration for the for the claims, Avino paid C\$65,000 and issued 10,000 common shares to GTG and will pay GTG a 1% net smelter returns royalty to a maximum of C\$250,000 on the sale of ore or other products from the BRX property. The BRX Property also has a pre-existing 2½% net smelter returns royalty payable to Levon Resources Ltd.

Property Description and Location. The 2,114 ha property is located in the Lillooet Mining Division of British Columbia near the town of Gold Bridge. The property lies east of the Hurley River, in the Gwyneth Lake area, south of the Eldorado basin, and near the west end and along the south 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.

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

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 C\$0.50 per share for total consideration of C\$100,000. The property was written down to a nominal value of \$1 in fiscal 2006 and currently has a deferred value of \$1.

In July 2017, an option agreement was signed between Avino and Alexco Resource Corp. ("Alexco"), granting Alexco the right to acquire a 65% interest in the Eagle Property. To exercise the option, Alexco must pay Avino a total of C\$70,000 in instalments over 4 years, issue Avino a total of 70,000 Alexco common shares in instalments over 4 years, incur C\$550,000 in exploration work by the second anniversary of the option agreement date, and a further C\$2.2 million in exploration work on the Eagle Property by the fourth anniversary of the option agreement date.

In the event that Alexco earns its 65% interest in the Eagle Property, Alexco and Avino will form a joint venture for the future exploration and development of the Eagle Property, and may contribute towards expenditures in proportion to their interests (65% Alexco / 35% Avino). If either company elects to not contribute its share of costs, then its interest will be diluted. If either company's joint venture interest is diluted to less than 10%, its interest will convert to a 5.0% net smelter returns royalty, subject to the other's right to buy-down the royalty to 2.0% for \$2.5 million.

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.

Proposed Work Program. No further work is proposed by Avino at this time as the property has been optioned to Alexco.

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. The Company will maintain these claims in good standing and may decide to commence exploration again on the Olympic-Kelvin Property.

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 Gold Bridge 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 Gold Bridge. 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 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. The Company will maintain these claims in good standing and may decide to commence exploration again on the Minto Property.

Property Description and Location. The Minto Property is situated about ten kilometers east of Gold Bridge 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 Gold Bridge 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 \$200,000 in annual installments over 4 years to Avino in option payments, and incur up to \$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 \$300,000 and making option payments of \$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

In late December 2017, Avino received written comments from the Staff of the SEC regarding our financial statements contained in our Annual Report on Form 20-F for the year ended December 31, 2016. We have responded to those comments and have received follow-up letters from the Staff in which the Company has responded to such follow-up letters.

The substance of the principal unresolved comments involve providing further information regarding (i) development-type costs that were included in our exploration and evaluation assets; (ii) mine and camp costs, and milling, processing and labor costs incurred during our evaluation phase of mine operations; (iii) exploration and evaluation activities as they relate to reclamation provisions; (iv) methodology of classifying development-type costs as capitalized assets; and (v) factors considered to determine that we had entered into commercial production.

While we believe that we have addressed the Staff's comments raised in their various letters, as of the date of the filing of this Annual Report, there remains the above unresolved, outstanding staff comments including our responses to such outstanding comments.

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, 2017, 2016, and 2015 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, 2017, 2016, and 2015.

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 2017 and into 2018.

Operating results from the most recent 3 fiscal years are as follows:

	2015	2016	2017
	Total	Total	Total
Total Mill Feed (dry tonnes)	121,774	115,047	81,045
Feed Grade Silver (g/t)	279	267	269
Feed Grade Gold (g/t)	1.48	1.25	1.32
Bulk Concentrate (dry tonnes)	4,517	4,115	3,167
Bulk Concentrate Grade Silver (kg/t)	6.24	6.22	5.80
Bulk Concentrate Grade Gold (g/t)	28.34	25.9	26.3
Recovery Silver (%)	83	83	84

	2015	2016	2017
	Total	Total	Total
Recovery Gold (%)	75	74	78
Mill Availability (%)	92.7	94.4	95.4
Total Silver Recovered (kg)	28,223	25,588	18,375
Total Gold Recovered (g)	134,569	106,599	83,215
Total Silver Recovered (oz) <i>calculated</i>	907,384	822,689	590,765
Total Gold Recovered (oz) <i>calculated</i>	4,326	3,427	2,675
Total Silver Equivalent Recovered (oz) <i>calculated*</i>	1,218,351	1,073,062	1,073,062

* Metal production is expressed in terms of silver equivalent ounces (oz Ag Eq). In 2017, AgEq was calculated using metals prices of \$17.05 oz Ag, \$1,258 oz Au and \$2.80 lb Cu. In 2016, AgEq was calculated using \$17.10 oz Ag, \$1,248 oz Au and \$2.21 lb Cu

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. In 2016 and 2017 Mill Circuits 2 and 3 were used to process mill feed from the Avino Mine.

Accordingly, year-end totals for 2015 through 2017 from the Avino Mine are reported as follows:

	2015	2016	2017
	Totals	Totals	Totals
Tonnes Mined	372,376	450,281	462,279
Underground Advancement(m)	5,056	4,005	2,898
Total Mill Feed (dry tonnes)	396,113	429,289	460,890
Feed Grade Silver (g/t)	65	67	64
Feed Grade Gold (g/t)	0.29	0.42	0.516
Feed Grade Copper (%)	0.62	0.50	0.484
Copper Concentrate (dry tonnes)	9,058	9,390	9,782
Copper Concentrate Grade Silver (kg/t)	2.47	2.62	2.56
Copper Concentrate Grade Gold (g/t)	9.47	12.23	16.72
Copper Concentrate Grade Copper (%)	23.76	20.32	20.28
Recovery Silver (%)	87	85	85
Recovery Gold (%)	75	64	69
Recovery Copper (%)	87	90	89
Total Silver Recovered (kg)	22,329	24,552	24,990
Total Gold Recovered (g)	85,737	114,812	163,582
Total Copper Recovered (kg)	2,152,202	1,908,077	1,983,637

	2015 Totals	2016 Totals	2017 Totals
Total Silver Recovered (oz) <i>calculated</i>	717,901	789,372	803,438
Total Gold Recovered (oz) <i>calculated</i>	2,757	3,691	5,259
Total Copper Recovered (lbs) <i>calculated</i>	4,743,691	4,206,585	4,373,585
Total Ag Eq. (oz) <i>calculated*</i>	1,801,997	1,606,272	1,911,428

**Metal production is expressed in terms of silver equivalent ounces (oz Ag Eq). In 2017, AgEq was calculated using metals prices of \$17.05 oz Ag, \$1,258 oz Au and \$2.80 lb Cu. In 2016, AgEq was calculated using \$17.10 oz Ag, \$1,248 oz Au and \$2.21 lb Cu*

Results of Operations

Twelve months ended December 31, 2017 compared with the twelve months ended December 31, 2016

Revenues

Revenues for the year ended December 31, 2017 were \$33,358,641. Revenues relate to the sale of bulk silver and gold concentrate produced from the San Gonzalo Mine and from bulk copper, silver and gold concentrate from the Avino Mine. Revenues for the comparable year were \$30,105,336. The increase in revenues of \$3,253,305 in the current year can be attributed to the Avino Mine entering into production at levels intended by management effective April 1, 2016. The increase is also attributed to a 29% increase in the realized price of copper, compared to the year ended December 31, 2016. This increase was partially offset by a decrease of 4% in the realized price of silver, compared to the year ended December 31, 2016. During the year ended December 31, 2017, the Company produced 9,782 tonnes of bulk copper/silver/gold concentrate from its Avino Mine, and 3,167 tonnes of bulk silver/gold concentrate from its San Gonzalo Mine, and recognized revenues of \$24,845,362 on the sale of 9,655 tonnes of Avino Mine bulk copper/silver/gold concentrate and \$8,513,279 on the sale of 2,366 tonnes of San Gonzalo bulk silver/gold concentrate for a gross profit of \$11,383,511.

Metal prices for revenues recognized during the year ended December 31, 2017, weighted by dollar of revenue recognized, averaged \$17.05 per ounce of silver, \$1,258 per ounce of gold and \$4,850 per tonne of copper. This is compared to metal prices for revenues recognized during the year ended December 31, 2016, of \$17.71 per ounce of silver, \$1,258 per ounce of gold and \$4,850 per tonne of copper, a decrease of 4%, an increase of 1%, and an increase of 29%, 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 \$5,330,795 for the year ended December 31, 2017, compared to \$5,007,570 for the year ended December 31, 2016, an increase of \$323,225. Operating and administrative expenses increased compared to the previous year due to an increased in share-based payment expense of 66%, as a result of the vesting of restricted share units ("RSUs") and options issued during the period. Although the Company's operations are expanding, management continues to monitor operating and administrative expenses carefully to maintain efficient operations.

Earnings for the year

The earnings for the year ended December 31, 2017 were \$2,653,461 compared to \$1,503,531 for the year ended December 31, 2016, an increase of \$1,149,930. Net income was higher in 2017, primarily due to increased profits from the sale of concentrate from the Avino Mine included in revenue for the full year 2017, compared to nine months in 2016, as well as decrease in overall income tax expense. Income before tax was \$5,424,050; however, this was reduced by current income tax expense of \$2,910,904 and increased by anon-cash deferred income tax recovery of \$140,315.

Twelve months ended December 31, 2016 compared with the twelve months ended December 31, 2015

Revenues

Revenues for the year ended December 31, 2016 were \$30,105,336. Revenues relate to the sale of silver and gold bulk concentrate produced from the San Gonzalo Mine and from bulk copper, silver and gold concentrate from the Avino Mine. Revenues for the comparable year were \$14,924,798. The increase in revenues of \$15,180,538 in the current year can be attributed to the Avino Mine entering into production at levels intended by management effective April 1, 2016, as well as an increase in realized prices in the comparable year for silver and gold of 15% and 10%, respectively. During the year ended December 31, 2016, the Company produced 9,390 tonnes of bulk copper/silver/gold concentrate from its Avino Mine and produced 4,115 tonnes of bulk silver/gold concentrate from its San Gonzalo Mine, and recognized revenues of \$19,245,936 on the sale of 7,625 tonnes of Avino Mine bulk copper/silver/gold concentrate and \$10,859,400 on the sale of 3,842 tonnes of San Gonzalo Mine bulk silver/gold concentrate, for a gross profit of \$10,944,536. Metal prices for revenues recognized during the year ended December 31, 2016, weighted by dollar of revenue recognized, averaged \$17.71 per ounce of silver and \$1,258 per ounce of gold, an increase of 15% and 10%, respectively. Metal prices for revenues recognized relating to copper during the year ended December 31, 2016, averaged \$4,850 per tonne of copper, with no comparable revenues relating to copper in 2015.

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 \$5,007,570 for the year ended December 31, 2016 compared to \$3,329,166 for the year ended December 31, 2015, an increase of \$1,678,404. The increase in operating and administrative expenses related primarily to the fair value calculation of non-cash share-based payments for RSUs and options issued during the period.

Earnings for the year

The earnings for the year ended December 31, 2016 were \$1,503,531 compared to \$378,087 for the year ended December 31, 2015, an increase of \$1,125,444. Net income was higher in 2016, primarily due to increased profits from the Avino Mine, as the mine entered into production at levels intended by management effective April 1, 2016. The increase also relates to a foreign exchange gain in 2016 compared to a foreign exchange loss in 2015, and the fair value adjustment on the warrant liability. Income before tax was \$5,668,298; however, this was reduced by current income tax expense of \$3,159,559 and a non-cash deferred income tax expense of \$1,005,208. The increased income tax expense is a product of increased profits from the Avino Mine, and overall increases in revenues.

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.

In November 2016, the Company received gross proceeds of \$11,185,355 in connection with a bought-deal offering issued under a prospectus supplement. The Company intends to use the proceeds to advance the exploration and development of the Avino Mine and Bralorne Mine and for general working capital.

Since July 2014, the Company received gross proceeds of \$13,346,561 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 \$5,375,400 in order to acquire equipment necessary for advancing operations at the San Gonzalo Mine and at the Avino Mine. As of March 28, 2018, there was \$3,389,976 in available credit remaining under this facility.

In May 2015, the Company entered into a master credit facility with Sandvik Customer Finance LLC for \$5,000,000. The facility is being used to acquire equipment necessary for continued exploration and mining activities at the Avino Mine and Bralorne Mine. As of March 28, 2018, there was \$3,305,900 in available credit remaining under this facility.

In July 2015, the Company entered into a term facility agreement with Samsung C&T U.K. Limited for \$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, 2017 and December 31, 2016 is as follows:

Statement of Financial Position	December 31, 2017	December 31, 2016
Cash	\$ 3,419,532	\$ 11,779,718
Working Capital	16,402,359	23,306,043
Accumulated Deficit	19,083,196	21,875,469

Cash comprises 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, 2017, \$1,147,439 of the \$3,419,532 of cash 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 carry forwards 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, 2017	December 31, 2016
Cash generated by (used in) operating activities	\$ (2,166,938)	\$ 3,738,942
Cash generated by (used in) financing activities	(3,054,986)	20,005,636
Cash used in investing activities	(3,135,105)	(17,408,867)
Change in cash	(8,357,029)	6,335,711
Effect of exchange rate changes on cash	(3,157)	42,898
Cash, beginning of the year	11,779,718	5,401,109
Cash, end of year	\$ 3,419,532	\$ 11,779,718

Operating Activities

Cash used in operating activities for the year ended December 31, 2017, was \$2,166,938 compared to cash generated by operating activities of \$3,738,942 for the year ended December 31, 2016. Cash generated by or used in operating activities can fluctuate with changes in net income, non-cash items, such as foreign exchange, share-based payments and deferred income tax expenses, and working capital.

Financing Activities

Cash used in financing activities was \$3,054,986 for the year ended December 31, 2017, compared to cash generated by financing activities of \$20,005,636 in the year ended December 31, 2016, a change of \$23,060,622. The change in cash provided by financing activities for the year ended December 31, 2017, relates primarily to decreased activity involving the issuance of common shares and warrants in brokered bought-deal and at-the-market offerings issued under prospectus supplements, as well as the issuance of common shares upon the exercise of stock options. During the year ended December 31, 2017, the Company issued common shares and warrants through the aforementioned offerings generating net cash flows of \$15,076 (2016 – \$21,842,496), and employees, consultants, and directors exercised stock options generating cash flows of \$24,836 (2015 – \$877,489). During the year ended December 31, 2017, the Company also made finance lease and equipment loan payments of \$2,428,231 (2016 - \$2,118,883), and repayments of \$666,667 (2016 - \$666,666) on the term facility. In July 2017, the Company and Samsung C&T U.K. Ltd. amended the concentrates prepayment agreement, extending the sales of Avino Mine concentrates to December 2021 and deferring monthly repayments on the term facility provided under the agreement to the period July 2018 through July 2019.

Investing Activities

Cash used in investing activities for the year ended December 31, 2017, was \$3,135,105 compared to \$17,408,867 for the year ended December 31, 2016. Cash used in investing activities during the year ended December 31, 2017, includes cash expenditures of \$6,608,168 (2016 - \$3,682,938) 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 Avino Mine, and exploration and mining equipment for the Bralorne Mine. During the year ended December 31, 2017, the Company also incurred cash expenditures of \$5,526,937 (2016 - \$8,312,934) on exploration and evaluation activities, of which \$500,421 relate to exploration and evaluation activities at the Avino Mine, and \$5,270,724 relate to exploration and evaluation activities at the Bralorne Mine. Cash expenditures on exploration and evaluation activities for the year ended December 31, 2016, were reduced by concentrate sales of \$4,587,005 from the Avino Mine. During the year ended December 31, 2017, the

Company also redeemed \$9,000,000 of the \$10,000,000 in short-term investments (comprised of term deposits) that were purchased during the year ended December 31, 2016.

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

As the Company is a mining and 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. However, it should be noted that a planned major expansion of the Avino Mine and the indicated current mine life of approximately 0.8 years at San Gonzalo would likely have positive and negative impacts, respectively, on future cash flows after 2017. 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, 2017, 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>Accounts payable and accrued liabilities</i>	\$3,511,720	\$3,511,720	\$ -	\$ -	\$ -
<i>Due to related parties</i>	186,563	186,563	-	-	-
<i>Minimum rental and lease payments</i>	566,288	300,285	238,392	13,043	14,568
<i>Term facility</i>	9,141,679	4,396,312	4,745,367	-	-
<i>Equipment loan</i>	1,296,044	886,145	409,899	-	-
<i>Finance lease obligations</i>	2,499,543	1,203,882	1,236,007	59,654	-
<i>Total</i>	<i>\$17,201,837</i>	<i>\$10,484,907</i>	<i>\$6,629,665</i>	<i>\$72,697</i>	<i>\$14,568</i>

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 2, 2018. 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 24, 2018.

<i>Name and Present Position with the Company</i>	<i>Principal Occupation</i>	<i>Director/Officer Since</i>
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 of Berkley Renewables Inc. President and Director of Coral Gold Resources Ltd. and Gray Rock Resources Ltd. and Director of Great Thunder Gold Corp	October 1995
Ross Glanville Director	Mining Consultant; Professional Engineer. Director of Archon Minerals Limited and Silver Crest Metals	December 2014
Jasman Yee Director	Professional Engineer and Metallurgist	January 2011
J.C. Rodríguez Chief Operating Officer	Geology Professional	December 2012
Dorothy Chin Corporate Secretary	Corporate Secretary of Avino Silver & Gold Mines Ltd., Coral Gold Resources Ltd., and Gray Rock	September 2008

<i>Name and Present Position with the Company</i>	<i>Principal Occupation</i>	<i>Director/Officer Since</i>
Malcolm Davidson Chief Financial Officer	Resources Ltd. CPA, CA; Chief Financial Officer of Avino Silver & Gold Mines Ltd; also Chief Financial Officer of Coral Gold Resources Ltd., and Gray Rock Resources Ltd.	March 2012

B. Compensation

During the last completed fiscal year of the Company, the Company had three executive officers, namely, David Wolfen, Chief Executive Officer; Malcolm Davidson, Chief Financial Officer, and J.C. Rodríguez, Chief Operating Officer.

1) Compensation Discussion and Analysis

The executive compensation program is comprised of fixed and variable elements of compensation; base salary, discretionary bonus, and equity based incentive award in the form of stock options and Restricted Share Units (“RSUs”) to its executive officers. The Company recognizes the need to provide a 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 discretionary 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 equity based incentive award are to align the interest of executive officers with that of Shareholders by encouraging equity ownership through awards of stock options and RSUs, to motivate executive and other key employees to contribute and increase in corporate performance and shareholder value, and to attract talented individuals and 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 incentive stock options and RSUs plans and amendments thereto 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 American.

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
Equity Based Incentive Awards	Equity-based incentive awards are made in the form of incentive stock options and Restricted Share Units ("RSU"). The amount of each 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 and RSUs 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. However, the Compensation Committee considers a number of key factors (including cash cost per ounce of silver equivalent, all-in sustaining cost per ounce of silver equivalent, operating margin and net income, share price relative to a competitive set of silver producers, safety and environmental issues, changes in amounts and categories of reserves and resources, total silver equivalent ounces produced and sold, investor and community relations, exploration results, financings, etc.), and considers these in comparison to other similar silver producers (that have comparable market capitalizations, revenues, and total assets). 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, 2017 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 Wolfen ⁽⁶⁾⁽⁸⁾ President, CEO and Director	2017	231,018	282,019	219,467	NIL	NIL	NIL	732,504
	2016	226,381	113,276	30,184	NIL	NIL	277,090	646,931
	2015	215,079	NIL	NIL	NIL	NIL	405,287	620,366
Malcolm Davidson CFO ⁽⁸⁾	2017	149,007	85,528	109,734	NIL	NIL	NIL	344,269
	2016	132,056	33,983	60,368	NIL	NIL	49,125	275,532
	2015	129,172	NIL	NIL	NIL	NIL	7,579	136,751
J.C. Rodriguez COO ⁽⁷⁾	2017	177,192	85,528	109,734	NIL	NIL	NIL	372,456
	2016	160,762	33,983	60,368	NIL	NIL	47,540	302,653
	2015	176,321	NIL	NIL	NIL	NIL	40,669	216,960

¹ The Share Based Awards are in the form of RSUs. The RSU Plan was approved by shareholders on May 27, 2016. During the year ended December 31, 2017, 80,500 RSUs were granted to officers, directors, employees and consultants. None of the 80,500 RSUs have yet been vested. The value of the RSUs above is based on the closing price of the Common Shares on the September 20, 2017 grant-date. The closing market price on September 20, 2017 was C\$1.98 per common share. The RSUs vest one-third annually over three years, and the amount above reflects the accrual for unvested share-based awards issued in the current and previous years, as at December 31, 2017.

² The methodology used to calculate the grant-date fair value is based on the Black-Scholes Option Pricing Model. During the year ended December 31, 2017, 1,475,000 new option-based awards were granted to officers, directors, employees, and consultants. The fair value was estimated using the following weighted-average assumptions: risk-free interest rate of 1.80%, expected dividend yield of 0%, expected option life of 5 years, and expected share price volatility of 68.23%.

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 Wolfen was appointed CEO. Mr. Wolfen's salary was paid to Intermark Capital Corp., a private BC corporation controlled by Mr. Wolfen.

⁷ Mr. Rodríguez receives his salary in Mexican Pesos ("MXP"). For 2017, Mr. Rodríguez' salary of MXP 3,349,594, was converted into US dollars by applying an exchange rate of 1MXP = US\$0.0529.

⁸ All compensation to Mr. David Wolfen and Mr. Malcolm Davidson are paid in Canadian dollars and are converted into US dollars by applying an exchange rate of US\$1.00 = C\$1.2986 for 2017, US\$1.00 = C\$1.3252 for 2016, and US\$1.00 = C\$1.2786 for 2015, based on the average exchange rate for the year quoted by the Bank of Canada.

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 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.

Equity-Based Incentive Awards

Equity-based incentive awards are in the form of the grant of incentive stock options and RSUs. The objective of the equity-based incentive award 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 formal stock option and RSUs plans (the "Plans"), 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. On April 15, 2016, the board of directors of Avino, acting upon the recommendations of the Compensation Committee, implemented a restricted share unit plan (the "RSU Plan") for the issuance of up to a maximum of 870,560 restricted share units ("RSUs") to qualifying directors, officers, employees, and consultants, upon certain vesting restrictions to be determined by the board of directors, for any RSUs awarded. The RSU Plan was approved by the shareholders of Avino on May 27, 2016. On September 2, 2016, 790,000 RSUs were granted to officers, directors, employees, and consultants and on September 20, 2017, a total of 80,500 RSUs were granted to officers, directors, employees, and consultants. The RSUs vest at the rate of one-third annually, until fully vested over three years from the date of the awards, and provided that these designated persons are continuously employed with or providing services to Avino. 18,676 RSUs were subsequently cancelled during 2017.

The Plans are administered by the Compensation Committee. The process the Company uses to grant equity based incentive 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 equity-based incentive awards are taken into account when considering new grants.

3) Equity-Based Incentive Plan Awards

Outstanding share-based awards and option-based awards

The following table sets forth the options and RSUs granted to the executive officers to purchase or acquire securities of the Company outstanding at December 31, 2017:

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (C\$) ⁽³⁾	Option expiration date	Value of unexercised in-the-money options (\$) ⁽¹⁾⁽⁴⁾	Number of shares or units of shares that have not vested (#) ⁽²⁾	Market or payout value of share-based awards that have not vested (\$) ⁽²⁾⁽⁴⁾	Market or payout value of vested share-based awards not paid out or distributed (\$) ⁽²⁾⁽⁴⁾
David Wolfen President, CEO and Director	30,000	\$1.62	Sept 9, 2018	2,310	166,667	378,614	Nil
	100,000	\$1.90	Sept 19, 2019	Nil	13,000	19,821	Nil
	25,000	\$2.95	Sept 2, 2021	Nil	Nil	Nil	Nil
	250,000	\$1.98	Sept. 20, 2022	Nil	Nil	Nil	Nil
Malcolm Davidson CFO	25,000	\$1.60	Feb 18, 2018	2,310	50,000	113,584	Nil
	15,000	\$1.62	Sept 9, 2018	1,115	7,500	11,435	Nil
	50,000	\$1.90	Sept 19, 2019	Nil	Nil	Nil	Nil
	50,000	\$2.95	Sept 2, 2021	Nil	Nil	Nil	Nil
	125,000	\$1.98	Sept. 20, 2022	Nil	Nil	Nil	Nil
J.C. Rodríguez COO	25,000	\$1.60	Feb 18, 2018	2,310	50,000	113,584	Nil
	10,000	\$1.62	Sept 9, 2018	770	7,500	11,435	Nil
	50,000	\$1.90	Sept 19, 2019	Nil	Nil	Nil	Nil
	50,000	\$2.95	Sept 2, 2021	Nil	Nil	Nil	Nil
	125,000	\$1.98	Sept. 20, 2022	Nil	Nil	Nil	Nil

¹ In-the-Money Options are the difference between the market value of the underlying securities at December 31, 2017 and the exercise price of the option. The closing market price for the Company's common shares as at December 31, 2017 was C\$1.72 per common share.

² The Share Based Awards is in the form of RSUs. The RSU Plan was approved by shareholders on May 27, 2016. During the year ended December 31, 2016, 790,000 RSUs were granted to officers, directors, employees and consultants and during the year ended December 31, 2017, 80,500 RSUs were granted to officers, directors, employees, and consultants. The value of the RSUs above is based on the closing price of the Common Shares on the date of each grant. The closing market price on September 2, 2016 was C\$2.95 per common share and the closing market price on September 20, 2017 was C\$1.98 per common share. On September 15, 2017, the first tranche of the September 2, 2016 RSU grant were vested and 257,152 common shares were issued to officers, directors, employees and consultants.

³ The option exercise price is quoted in Canadian dollars as they relate specifically to the Canadian dollar share price as quoted on the Toronto Stock Exchange.

⁴ The Awards are calculated in Canadian dollars and are converted into US dollars by applying an exchange rate of US\$1.00 = C\$1.2986, which represents the average exchange rate for the year quoted by the Bank of Canada.

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, 2017:

Name	Option-based awards – Value vested during the year (\$) ⁽¹⁾⁽³⁾	Share-based awards – Value vested during the year (\$) ⁽²⁾⁽³⁾	Non-equity incentive plan compensation – Value earned during the year (\$) ⁽³⁾
David Wolfen President, CEO and Director	Nil	137,969	Nil
Malcolm Davidson CFO	Nil	41,391	Nil
J.C. Rodríguez COO	Nil	41,391	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.

² The RSU Vesting price was C\$2.15, which represents the share price on September 2, 2017, the date in which the RSUs vested.

³ The Awards are calculated in Canadian dollars and are converted into US dollars by applying an exchange rate of US\$1.00 = C\$1.2986, which represents the average exchange rate for the year quoted by the Bank of Canada.

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. However, any such purchases would be subject to applicable insider reporting requirements.

5) *Termination and Change of Control Benefits*

On January 1, 2016, the Company entered into a consulting agreement with Intermark Capital Corporation, a company owned by David Wolfen, and on March 23, 2016 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 C\$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 J.C. Rodríguez, 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 or accrued to the directors, excluding Mr. Wolfin who is paid as an officer and not as a director, in their capacity as directors for the year ended December 31, 2017:

Name	Fees earned ⁽⁶⁾ (\$)	Share-based awards ⁽¹⁾⁽⁶⁾ (\$)	Option-based awards ⁽²⁾⁽⁶⁾ (\$)	Non-equity incentive plan compensation ⁽³⁾⁽⁶⁾ (\$)	Pension value ⁽⁴⁾⁽⁶⁾ (\$)	All other compensation ⁽⁶⁾ (\$)	Total ⁽⁶⁾ (\$)
Michael Baybak*	36,193	57,019	87,787	Nil	Nil	Nil	180,998
Gary Robertson*	55,444	86,169	131,680	Nil	Nil	Nil	273,293
Jasman Yee	30,802	85,528	109,734	Nil	Nil	58,217 ⁽⁵⁾	284,281
Ross Glanville*	35,423	57,019	87,787	Nil	Nil	Nil	180,229

*Independent and Non-Employee Directors

¹ The Share Based Awards are in the form of RSUs. The RSU Plan was approved by shareholders on May 27, 2016. During the year ended December 31, 2017, 80,500 RSUs were granted to officers, directors, employees and consultants. None of such RSUs have yet been vested. The value of the RSUs above is based on the closing price of the Common Shares on the September 20, 2017 grant-date. The closing market price on September 20, 2017 was C\$1.98 per common share. The RSUs vest one-third annually over three years, and the amount above reflects the accrual for unvested share-based awards as at December 31, 2017.

² The methodology used to calculate the grant-date fair value is based on the Black-Scholes Option Pricing Model. During the year ended December 31, 2017, 1,475,000 new option-based awards were granted to officers, directors, employees, and consultants. The fair value was estimated using the following weighted-average assumptions: risk-free interest rate of 1.80%, expected dividend yield of 0%, expected option life of 5 years, and expected share price volatility of 68.23%.

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

⁴ The Company does not have any pension plans.

⁵ Mr. Yee also received compensation in his capacity as a consultant to the Company.

⁶ All director compensation is paid in Canadian dollars and is converted into US dollars by applying an exchange rate of US\$1.00 = C\$1.2986, which represents the average exchange rate for the 2017 quoted by the Bank of Canada.

The Board, on recommendation of the Compensation Committee, determines director compensation. The objective in determining such director compensation is to ensure that the Company can attract and retain experienced and qualified individuals to serve as directors. The Company compensates its non-executive directors through the payment of directors fees, plus annual retainer for board and committee chair, and per meeting fees, and through the grant of incentive stock options and RSUs. All retainers are paid pro rata on a quarterly basis. The non-executive directors receive the following annual retainers and other fees for their services as directors:

Annual Retainer per Director	\$23,102*
Annual Retainer for Board Chair	\$23,100*
Annual Retainer for Audit Committee Chair	\$6,160*
Annual Retainer for Compensation Committee Chair	\$3,850*
Annual Retainer for Governance & Nominating Committee Chair	\$3,850*
Meeting Attendance Fee per Meeting	\$770*

*All director compensation is paid in Canadian dollars and is converted into US dollars by applying an exchange rate of US\$1.00 = C\$1.2986, which represents the average exchange rate for the 2017 quoted by the Bank of Canada

The Company may grant incentive stock options and RSUs to Directors of the Company from time to time pursuant to the stock option and RSUs plans of the Company and in accordance with the policies of the Toronto Stock Exchange (the "TSX"). The Company graduated from the TSX Venture Exchange on January 8, 2018.

Outstanding share-based awards and option-based awards

The following table sets forth the options and RSUs granted to the directors to purchase or acquire securities of the Company outstanding at December 31, 2017:

Name ⁽¹⁾	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (C\$) ⁽⁴⁾	Option expiration date	Value of unexercised in-the-money options (\$) ⁽²⁾⁽⁵⁾	Number of shares or units of shares that have not vested (#) ⁽³⁾	Market or payout value of share-based awards that have not vested (\$) ⁽³⁾⁽⁵⁾	Market or payout value of share-based awards not paid out or distributed (\$) ⁽³⁾⁽⁵⁾
Michael Baybak	25,000	\$1.60	Feb 18, 2018	\$2,310	33,334	75,724	Nil
	30,000	\$1.62	Sept 9, 2018	\$2,310	5,000	7,624	Nil
	75,000	\$1.90	Sept 19, 2019	Nil	Nil	Nil	Nil
	75,000	\$2.95	Sept 2, 2021	Nil	Nil	Nil	Nil
	100,000	\$1.98	Sept 20, 2022	Nil	Nil	Nil	Nil
Gary Robertson	25,000	\$1.60	Feb 18, 2018	\$2,310	50,000	113,584	Nil
	30,000	\$1.62	Sept 9, 2018	\$2,310	10,000	15,247	Nil
	75,000	\$1.90	Sept 19, 2019	Nil	Nil	Nil	Nil
	100,000	\$2.95	Sept 2, 2021	Nil	Nil	Nil	Nil
	150,000	\$1.98	Sept 20, 2022	Nil	Nil	Nil	Nil
Jasman Yee	25,000	\$1.60	Feb 18, 2018	\$2,310	50,000	113,584	Nil
	30,000	\$1.62	Sept 9, 2018	\$2,310	7,500	11,435	Nil
	75,000	\$1.90	Sept 19, 2019	Nil	Nil	Nil	Nil
	50,000	\$2.95	Sept 2, 2021	Nil	Nil	Nil	Nil
	125,000	\$1.98	Sept 20, 2022	Nil	Nil	Nil	Nil
Ross Glanville	75,000	\$1.90	Sept 19, 2019	Nil	33,334	75,724	Nil
	75,000	\$2.95	Sept 2, 2021	Nil	5,000	7,624	Nil
	100,000	\$1.98	Sept 20, 2022	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, 2017 and the exercise price of the option. The closing market price of the Company’s common shares as at December 31, 2017 was C\$1.72 per common share.

³ The Share Based Awards is in the form of RSUs. The RSU Plan was approved by shareholders on May 27, 2016. During the year ended December 31, 2017, 80,500 RSUs were granted to officers, directors, employees, and consultants. The value of the RSUs above is based on the closing price of the Common Shares on the date of each grant. The closing market price on September 2, 2016 was C\$2.95 per common share and the closing market price on September 20, 2017 was C\$1.98 per common share. On September 15, 2017, the first tranche of the September 2, 2016 RSU grant were vested and 257,152 common shares were issued to officers, directors, employees and consultants.

⁴ The option exercise price is quoted in Canadian dollars as they relate specifically to the Canadian dollar share price as quoted on the Toronto Stock Exchange.

⁵ The Awards are calculated in Canadian dollars and are converted into US dollars by applying an exchange rate of US\$1.00 = C\$1.2986, which represents the average exchange rate for the year quoted by the Bank of Canada.

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, 2017:

Name ⁽¹⁾	Option-based awards – Value vested during the year (\$) ⁽²⁾⁽⁴⁾	Share-based awards – Value vested during the year (\$) ⁽³⁾⁽⁴⁾	Non-equity incentive plan compensation – Value earned during the year (\$) ⁽⁴⁾
Michael Baybak	Nil	27,593	Nil
Gary Robertson	Nil	41,391	Nil
Jasman Yee	Nil	41,391	Nil
Ross Glanville	Nil	27,593	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.

³ The RSU Vesting price was C\$2.15, which represents the share price on September 2, 2017, the date in which the RSUs vested.

⁴ The Awards are calculated in Canadian dollars and are converted into US dollars by applying an exchange rate of US\$1.00 = C\$1.2986, which represents the average exchange rate for the year quoted by the Bank of Canada.

Termination of Employment, Changes in Responsibilities and Employment Contracts

On January 1, 2016, the Company entered into a consulting agreement with Intermark Capital Corporation, a company wholly owned by David Wolfen, the named executive officer of the Company. The consulting agreement was further amended on March 23, 2016.

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 J.C. Rodríguez, 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 May 25, 2017, the shareholders elected Messrs. Michael Baybak, Gary Robertson, David Wolfen, 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, 2017, the Board met eight 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

Under Canadian National Instrument 52-110 – Audit Committees ("NI 52-110") a reporting issuer in those jurisdictions which have adopted NI 52-110 and that is not a "venture issuer" is required to provide disclosure with respect to its Audit Committee including the text of the Audit Committee's Charter, composition of the Committee, and the fees paid to the external auditor. Accordingly, the Company provides the following disclosure with respect to its Audit Committee:

Audit Committee Charter

1. Purpose of the Committee

1.1 The purpose of the Audit Committee is to assist the Board of Directors in its oversight of the integrity of the Company's financial statements and other relevant 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.

2. Members of the Audit Committee

2.1 All Members of the Audit Committee must be "financially literate" as defined under NI 52-110, having sufficient accounting or related financial management expertise to read and understand a set of financial statements, including the related notes, that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

2.2 The Audit Committee shall consist of no less than three Directors.

2.3 All Members of the Audit Committee must be "independent" as defined under NI 52-110.

3. Relationship with External Auditors

3.1 The external auditors are the independent representatives of the shareholders, but the external auditors are also accountable to the Board of Directors and the Audit Committee.

3.2 The external auditors must be able to complete their audit procedures and reviews with professional independence, free from any undue interference from the management or directors.

3.3 The Audit Committee must direct and ensure that the management fully co-operates with the external auditors in the course of carrying out their professional duties.

3.4 The Audit Committee will have direct communications access at all times with the external auditors.

4. Non-Audit Services

4.1 The external auditors are prohibited from providing any non-audit services to the Company, without the express written consent of the Audit Committee. In determining whether the external auditors will be granted permission to provide non-audit services to the Company, the Audit Committee must consider that the benefits to the Company

from the provision of such services, outweighs the risk of any compromise to or loss of the independence of the external auditors in carrying out their auditing mandate.

4.2 Notwithstanding section 4.1, the external auditors are prohibited at all times from carrying out any of the following services, while they are appointed the external auditors of the Company:

- (i) acting as an agent of the Company for the sale of all or substantially all of the undertaking of the Company; and
- (ii) performing any non-audit consulting work for any director or senior officer of the Company in their personal capacity, but not as a director, officer or insider of any other entity not associated or related to the Company.

5. Appointment of Auditors

5.1 The external auditors will be appointed each year by the shareholders of the Company at the annual general meeting of the shareholders.

5.2 The Audit Committee will nominate the external auditors for appointment, such nomination to be approved by the Board of Directors.

6. Evaluation of Auditors

6.1 The Audit Committee will review the performance of the external auditors on at least an annual basis, and notify the Board of Directors and the external auditors in writing of any concerns in regards to the performance of the external auditors, or the accounting or auditing methods, procedures, standards, or principles applied by the external auditors, or any other accounting or auditing issues which come to the attention of the Audit Committee.

7. Remuneration of the Auditors

7.1 The remuneration of the external auditors will be determined by the Board of Directors, upon the annual authorization of the shareholders at each general meeting of the shareholders.

7.2 The remuneration of the external auditors will be determined based on the time required to complete auditing procedures as determined by the external auditors in accordance with the Canadian Auditing Standards and the standards of the PCAOB.

8. Termination of the Auditors

8.1 The Audit Committee has the power to terminate the services of the external auditors, with or without the approval of the Board of Directors, provided the Committee is acting reasonable and responsible.

9. Funding of Auditing and Consulting Services

9.1 Auditing expenses will be funded by the Company. The auditors must not perform any other consulting services for the Company, which could impair or interfere with their role as the independent auditors of the Company.

10. Role and Responsibilities of the Internal Auditor

10.1 Due to the Company's size and limited financial resources, the CEO and CFO of the Company shall be responsible for implementing internal controls and performing the role of the internal auditor to ensure that such controls are adequate.

11. Oversight of Internal Controls

11.1 The Audit Committee will have the oversight responsibility for ensuring that the internal controls are implemented and monitored, and that such internal controls are effective.

12. Continuous Disclosure Requirements

12.1 Due to the Company's size and limited financial resources, the Corporate Secretary of the Company is responsible for ensuring that the Company's continuous reporting requirements are met and in compliance with applicable regulatory requirements.

13. Other Auditing Matters

13.1 The Audit Committee may meet with the Auditors independently of the management of the Company at any time, provided the Committee is acting reasonable and responsible.

13.2 The Auditors are authorized and directed to respond to all enquiries from the Audit Committee in a thorough and timely fashion, without reporting these enquiries or actions to the Board of Directors or the management of the Company.

14. Annual Review

14.1 The Audit Committee Charter will be reviewed annually by the Board of Directors and the Audit Committee to assess the adequacy of this Charter.

15. Independent Advisers

15.1 The Audit Committee shall have the power to retain legal, accounting or other advisors to assist the Committee.

Composition of Audit Committee

As of April 2, 2018, the following are the members of the Audit Committee:

Name	Independent ⁽¹⁾	Financially Literate ⁽²⁾	Education and Experience
Michael Baybak	Yes	Yes	Marketing and Communications
Gary Robertson	Yes	Yes	Certified Financial Planner and director of several reporting issuers
Ross Glanville	Yes	Yes	Professional Mining Engineer, MBA, Chartered Professional Accountant (formerly Certified General Accountant), Mine Valuator

⁽¹⁾ A member of an audit committee is independent if the member has no direct or indirect material relationship with the Company, which could, in the view of the Board of Directors, reasonably interfere with the exercise of a member's independent judgment.

⁽²⁾ An individual is financially literate if he has the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

Relevant Education and Experience

The relevant education and/or experience of each member of the Audit Committee is as follows:

Michael Baybak: Mr. Baybak is a graduate from Columbia University and attended Yale Law School. Mr. Baybak is the founder and principal of Michael Baybak and Company Inc. headquartered in Florida with affiliate offices in California. The company serves a diversified North American clientele of financial advisors and resources-sector public companies. Mr. Baybak and the firm have acted for leading Canadian companies in the resource sector for more than thirty years.

Gary Robertson: Mr. Robertson is a Certified Financial Planner. He has worked in the financial industry for the past twenty years, and has acted as director of several public mining companies. Mr. Robertson has gained considerable financial and business experience through his involvement in various businesses in the mining industries.

Ross Glanville: Mr. Glanville graduated from the University of British Columbia in 1970 with a Bachelor of Applied Science degree (Mining Engineering) and became a member of the Association of Professional Engineers of British Columbia in 1972 (P.Eng.). In 1974, he obtained a Master of Business Administration degree (MBA), specializing in finance and securities analysis; and in 1980 he became a member of the Certified General Accountants of B.C. (CGA). Since 1985, Mr. Glanville has specialized in valuations, fairness opinions, and litigation support related to the natural resource industry. He has served as a director of several producing mining companies, and the Chair of Audit and Compensation Committees.

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board of Directors.

Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 of NI 52-110 (De Minimis Non-audit Services), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of National Instrument 52-110.

Pre-Approval Policies and Procedures

The Audit Committee is authorized by the Board of Directors to review the performance of the Company's external auditors and approve in advance provision of services other than auditing and to consider the independence of the external auditors, including a review of the range of services provided in the context of all consulting services bought by the Company. The Audit Committee is authorized to approve in writing any non-audit services or additional work which the Chairman of the Audit Committee deems is necessary, and the Chairman will notify the other members of the Audit Committee of such non-audit or additional work and the reasons for such non-audit work for the Committee's consideration, and if thought fit, approval in writing.

External Auditor Service Fees

The fees billed by the Company's external auditors in each of the last two fiscal years for audit and non-audit related services provided to the Company or its subsidiaries (if any) are as follows:

FINANCIAL YEAR ENDING	AUDIT FEES	AUDIT RELATED FEES ⁽²⁾	TAX FEES ^{(3) (1)}	ALL OTHER FEES ⁽⁴⁾
December 31, 2017 ⁽¹⁾	\$176,000	\$7,700	\$Nil	\$6,000
December 31, 2016	\$146,468	\$7,546	\$6,037	\$17,827

(1) Estimated

(2) Travel and expenses

(3) Preparation of corporate tax returns

(4) Procedures and letters related to financings

(5) The fees are in Canadian dollars and are converted into US dollars by applying an exchange rate of US\$1.00 = C\$1.2986, which represents the average exchange rate for the year quoted by the Bank of Canada.

Compensation Committee

The Compensation Committee of the Company is responsible for, among other things, evaluating the performance of the Company's executive officers, determining or making recommendations to the Board with respect to the compensation of the Company's executive officers, making recommendations to the Board with respect to director compensation, incentive compensation plans and equity-based plans, making recommendations to the Board with respect to the compensation policy for the employees of the Company or its subsidiaries and ensuring that the Company is in compliance with all legal requirements with respect to compensation disclosure. In performing its duties, the Compensation Committee has the authority to engage such advisors, including executive compensation consultants, as it considers necessary.

The Compensation Committee is currently composed of Jasman Yee, Gary Robertson, Ross Glanville, and Michael Baybak, three of whom are independent directors within the meaning set out in NI 58-101. Jasman Yee is not independent as he serves as the Company's consultant. All four members of the Compensation Committee are experienced participants in the business world who have sat on the board of directors of other companies, charities or business associations, in addition to the Board of the Company.

The recommendations of the Compensation Committee are based primarily on a benchmarking analysis which compares the Company's pay levels and compensation practices with other reporting issuers of similar size, and which are active in the industry and/or market in which the Company competes for talent. This analysis provides valuable information that will allow the Company to make adjustments, if necessary, to attract and retain the best individuals to meet the Company's needs and provide value to the Company's shareholders. In formulating its recommendations, the Compensation Committee benchmarked the compensation of the Company's directors and executive officers against companies with similar market

capitalization, assets, and revenue including the following companies: America Silver, Amerigo Resources, Atico Mining, Aura Minerals, Caledonia Mining, Excellon Resources, GoGold Resources, Golden Minerals, Gran Colombia, Great Panther, Jaguar Mining, Marlin Gold, Serabi Gold, and several others.

The Compensation Committee has not engaged the services of independent compensation consultants to assist it in making recommendations to the Board with respect to director and executive officer compensation.

In performing its duties, the Compensation Committee has considered the implications of risks associated with the Company's compensation policies and practices. At its present early stage of development and considering its present compensation policies, the Company currently has no compensation policies or practices that would encourage an executive officer or other individual to take inappropriate or excessive risks.

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, Jasman Yee, Michael Baybak, and Ross Glanville, two of the three directors to be "independent" (Messrs. Glanville and Baybak).

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, 2017, the Company had 510 employees and contractors located in Mexico and 25 employees and contractors in Canada. Certain of 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, 2016, the Company had 478 employees and contractors located in Mexico, and as at December 31, 2015 the Company had 443 employees and contractors located in Mexico.

E. Share ownership

The following table sets forth the share ownership of the individuals referred to in "Compensation" as of April 2, 2018:

Name of Beneficial Owner	Number of Shares	Percent
Michael Baybak	281,366	*
Gary Robertson	473,416	*
David Wolfen	1,364,316	2.44%
Jasman Yee	255,020	*
Ross Glanville	16,666	*
J.C. Rodríguez	175,000	*
Malcolm Davidson	85,500	*

*Less than one percent

Outstanding Options

The following information, as of April 2, 2018 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	30,000	Sept 9, 2013	\$1.62	Sept 9, 2018
	100,000	Sept 19, 2014	\$1.90	Sept 19, 2019
	25,000	Sept 2, 2016	\$2.95	Sept 2, 2021
	250,000	Sept. 20, 2017	\$1.98	Sept. 20, 2022
Malcolm Davidson CFO	15,000	Sept 9, 2013	\$1.62	Sept 9, 2018
	50,000	Sept 19, 2014	\$1.90	Sept 19, 2019
	50,000	Sept 2, 2016	\$2.95	Sept 2, 2021
	125,000	Sept 20, 2017	\$1.98	Sept. 20, 2022
J.C. Rodríguez COO	10,000	Sept 9, 2013	\$1.62	Sept 9, 2018
	50,000	Sept 19, 2014	\$1.90	Sept 19, 2019
	50,000	Sept 2, 2016	\$2.95	Sept 2, 2021
	125,000	Sept. 20, 2017	\$1.98	Sept. 20, 2022
Michael Baybak Director	30,000	Sept 9, 2013	\$1.62	Sept 9, 2018
	75,000	Sept 19, 2014	\$1.90	Sept 19, 2019
	75,000	Sept 2, 2016	\$2.95	Sept 2, 2021
	100,000	Sept. 20, 2017	\$1.98	Sept. 20, 2022
Gary Robertson Director	30,000	Sept 9, 2013	\$1.62	Sept 9, 2018
	75,000	Sept 19, 2014	\$1.90	Sept 19, 2019
	100,000	Sept 2, 2016	\$2.95	Sept 2, 2021
	150,000	Sept. 20, 2017	\$1.98	Sept. 20, 2022
Jasman Yee Director	30,000	Sept 9, 2013	\$1.62	Sept 9, 2018
	75,000	Sept 9, 2014	\$1.90	Sept 19, 2019
	50,000	Sept 2, 2016	\$2.95	Sept 2, 2021
	125,000	Sept. 20, 2017	\$1.98	Sept. 20, 2022
Ross Glanville	75,000	Sept 19, 2014	\$1.90	Sept.19, 2019
	75,000	Sept 2, 2016	\$2.95	Sept 2, 2021
	100,000	Sept. 20, 2017	\$1.98	Sept. 20, 2022

*The option exercise price is quoted in Canadian dollars as they relate specifically to the Canadian dollar share price as quoted on the Toronto Stock Exchange.

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 March 27, 2018, to the knowledge of the Company, no person owned more than five (5%) percent of the outstanding shares of each class of the Company’s voting securities.

As of March 27, 2018, there were 52,778,153 common shares issued and outstanding. Of those common shares issued and outstanding, 34,330,969 common shares were held by 331 registered 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, were as follows:

	2017	2016	2015
Salaries, benefits, and consulting fees	\$ 860,280	\$ 1,276,684	\$ 1,329,864
Share-based payments	1,717,592	890,669	-
	\$ 2,577,872	\$ 2,167,353	\$ 1,329,864

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. Advances to Oniva International Services Corp. of \$232,076 (December 31, 2016 - \$110,905) 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, 2017. The following table summarizes the amounts due to related parties:

	December 31, 2017	December 31, 2016
Directors' fees	\$ 41,660	\$ 44,919
Intermark Capital Corp.	-	19,550
Oniva International Services Corp.	139,047	126,819
Jasman Yee & Associates, Inc.	5,856	4,195
Wear Wolfin Design	-	3,910
	\$ 186,563	\$ 199,393

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 22 to the financial statements. The transactions with Oniva during the years ended December 31, are summarized below:

	2017	2016	2015
Salaries and benefits	\$ 450,382	\$ 296,798	\$ 242,134
Office and miscellaneous	566,664	506,534	392,687
Exploration and evaluation assets	351,545	248,304	243,236
	\$ 1,368,591	\$ 1,051,636	\$ 878,057

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, 2017, 2016 and 2015, the Company paid \$231,018, \$503,741, and \$620,366 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, 2017, 2016, and 2015, the Company paid \$80,163, \$140,145, and \$163,178, 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, 2017, 2016 and 2015, the Company paid \$23,102, \$22,638, and \$23,463, 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, 2017.

Item 9. The Offer and Listing

A. Offer and listing details

Our common shares are listed on the NYSE American under the symbol ASM. Our common shares are also listed on the Toronto Stock Exchange (“TSX”). The Company graduated from the TSX Venture Exchange (“TSX-V”) on January 8, 2018. The following sets forth the high and low prices expressed in U.S. Dollars on the NYSE American and in Canadian Dollars on the TSX and TSX-V for the past full six months and for each quarter for the past fiscal year.

Last Six Months	NYSE-AMERICAN (United States Dollars)		TSX and TSX-V (Canadian Dollars)	
	High	Low	High	Low
February 2018	1.45	1.21	1.81 (TSX)	1.54 (TSX)
January 2018	1.61	1.37	1.99 (TSX)	1.70 (TSX)
December 2017	1.47	1.14	1.90	1.44
November 2017	1.37	1.20	1.79	1.54
October 2017	1.62	1.29	2.04	1.68
September 2017	1.80	1.53	2.24	1.90
	High	Low	High	Low
For the Quarter Ended				
December 31, 2017	1.62	1.14	2.04	1.44
September 30, 2017	1.89	1.41	2.35	1.85
June 30, 2017	1.90	1.39	2.53	1.85
March 31, 2017	2.13	1.32	2.80	1.75
	High	Low	High	Low
For the Quarter Ended				
December 31, 2016	2.59	1.12	3.45	1.52
September 30, 2016	3.14	1.91	4.05	2.53
June 30, 2016	2.60	0.99	3.29	1.30
March 31, 2016	1.19	0.71	1.59	1.03
	High	Low	High	Low
Last Five Fiscal Years				
2017	2.13	1.14	2.80	1.44
2016	2.60	0.71	4.05	1.03
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

B. Plan of distribution

Not Applicable.

C. Markets

On January 8, 2018, the Company graduated from the TSX Venture Exchange to the Toronto Stock Exchange where our common shares are listed under the symbol “ASM”. We are also listed on the Berlin and Frankfurt Stock Exchanges under the symbol “GV6”, and on the NYSE American under the symbol “ASM”.

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.

Take Over Bid Regulations

On May 9, 2016, amendments came into effect in Canada under National Instrument 62-104, *Take-Over bids and Issuer Bids* (the “**Instrument**”), which require all non-exempt take-over bids of a Canadian reporting issuer (“**Bids**”) to be subject to the following tender requirements:

50% Minimum Tender Requirement: Bids will be subject to a mandatory minimum tender requirement of more than 50% of the outstanding securities of the class of securities that are subject to the Bid, excluding those securities beneficially owned, or over which control or direction is exercised, by the offeror and its joint actors.

105 Day Minimum Bid Period: Bids will be required to remain open for a minimum period of 105 days, subject to two exceptions. Firstly, the target issuer’s board of directors may issue a “deposit period news release” for a proposed or Bid, which allows an initial bid period that is shorter than 105 days, but not less than 35 days. In result, if this action is taken by the Board, then any other outstanding or subsequent Bids will also be entitled to the shorter minimum deposit period calculated from the date that the other Bid is made. Secondly, if an issuer issues a news release that it has entered into an “alternate transaction” (i.e., a friendly change of control transaction that is not a Bid, such as a plan of arrangement), then any other outstanding or subsequent Bids will be entitled to a minimum 35 day deposit period calculated from the date that other Bid is made.

10 Day Extension Requirement: Following a successful Bid where the minimum tender requirement has been met, as well as the satisfaction or waiver of all other Bid terms and conditions, Bids will be required to be extended for at least an additional 10 day period to permit shareholders who did not tender time to do so on the same terms.

Under the amended Instrument, an offeror who makes a Bid which is open for 105 days, together with a further 10 day extension, will still be able to avail itself of the compulsory acquisition procedure provisions under applicable Canadian corporate legislation. These provisions permit the offeror to acquire on the same terms as contained in the Bid, the remaining shares held by any minority shareholders who did not tender, within 120 days of the launch of the Bid, if at least 90% of the total shares that were subject to the Bid have been acquired.

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. Amended and Restated Controlled Equity Offering Sales Agreement dated August 4, 2017 between Avino Silver & Gold Mines Ltd. and Cantor Fitzgerald & Co.

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. 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 and the Avino 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.

A non-U.S. corporation is a PFIC for each tax year in which (i) 75% or more of its gross income is passive income (as defined for U.S. federal income tax purposes) (the “income test”) or (ii) on average for such tax year, 50% or more (by value) of its assets either produces or is held for the production of passive income (the “asset test”). For purposes of the PFIC provisions, “gross income” generally includes sales revenues less cost of goods sold, plus income from investments and from incidental or outside operations or sources, and “passive income” generally includes dividends, interest, certain rents and royalties, and certain gains from commodities or securities transactions. In determining whether or not it is a PFIC, a non-U.S. corporation is required to take into account its pro rata portion of the income and assets of each corporation in which it owns, directly or indirectly, at least a 25% interest (by value).

Under certain attribution and indirect ownership rules, if the Company is a PFIC, U.S. investor will generally be deemed to own their proportionate share of the Company's direct or indirect equity interest in any company that is also a PFIC (a “Subsidiary PFIC”), and will be subject to U.S. federal income tax on their proportionate share of (a) any "excess distributions," as described below, on the stock of a Subsidiary PFIC and (b) a disposition or deemed disposition of the stock of a Subsidiary PFIC by the Company or another Subsidiary PFIC, both as if such U.S. investor directly held the shares of such Subsidiary PFIC. In addition, U.S. investors may be subject to U.S. federal income tax on any indirect gain realized on the stock of a Subsidiary PFIC on the sale or disposition of our common shares. Accordingly, U.S. investors should be aware that they could be subject to tax even if no distributions are received and no redemptions or other dispositions of the Company's common shares are made.

The Company has not made a determination as to whether it will or will not be a PFIC in the current tax year or in subsequent tax years. The determination of PFIC status is inherently factual, is subject to a number of uncertainties, and can be determined only annually at the close of the tax year in question. Additionally, the analysis depends, in part, on the application of complex U.S. federal income tax rules, which are subject to differing interpretations. There can be no assurance that the Corporation will or will not be determined to be a PFIC for the current tax year or any prior or future tax year, and no opinion of legal counsel or ruling from the IRS concerning the status of the Corporation as a PFIC has been obtained or will be requested. U.S. investor should consult their own U.S. tax advisors regarding the PFIC status of the Company.

Tax Consequences if the Corporation is a PFIC

If the Company is a PFIC for any tax year during which a U.S. investor holds common shares, special rules may increase such U.S. investors' U.S. federal income tax liability with respect to the ownership and disposition of such common shares. If the Company meets the income test or the asset test for any tax year during which a U.S. investor owns common shares, the Company will be treated as a PFIC with respect to such U.S. investor for that tax year and for all subsequent tax years, regardless of whether the Company meets the income test or the asset test for such subsequent tax years, unless the U.S. investor elects to recognize any unrealized gain in the common shares or makes a timely and effective QEF Election or, if applicable, Mark-to-Market Election (the QEF Election and Mark-to-Market Election are discussed further below).

Under the default PFIC rules of section 1291 of the Code:

- ◆ Any gain realized on the sale or other disposition (including dispositions and certain other events that would not otherwise be treated as taxable events) of common shares (including an indirect disposition of the stock of any Subsidiary PFIC) and any “excess distribution” (defined as a distribution to the extent it (together with all other distributions received in the relevant tax year) exceeds 125% of the average annual distribution received during the preceding three years) received on common shares or with respect to the stock of a Subsidiary PFIC will be allocated ratably to each day of such U.S. investor's holding period for the common shares;
- ◆ The amount allocated to the current tax year and any year prior to the first year in which the Company was a PFIC will be taxed as ordinary income in the current year;
- ◆ The amount allocated to each of the other tax years (the “Prior PFIC Years”) will be subject to tax at the highest ordinary income tax rate in effect for the applicable class of taxpayer for that year;
- ◆ An interest charge will be imposed with respect to the resulting tax attributable to each Prior PFIC Year, which interest charge is not deductible by non-corporate U.S. investor; and

- ◆ Any loss realized on the disposition of the common shares generally will not be recognized.

A U.S. investor that makes a timely and effective “mark-to-market” election under Section 1296 of the Code (a “Mark-to-Market Election”) or a timely and effective election to treat the Company and each Subsidiary PFIC as a “qualified electing fund” (a “QEF”) under Section 1295 of the Code (a “QEF Election”) may generally mitigate or avoid the PFIC consequences described above with respect to common shares. In light of adverse consequences of PFIC characterization and the uncertainty as to the Company’s PFIC status, the Company will undertake to provide to any U.S. investor, upon written request, the information the Company determines is necessary for United States income tax reporting purposes for such investor to make a QEF Election. The Company may elect to provide such information on its website. U.S. investor should be aware that there can be no assurance that the Company has satisfied or will satisfy the recordkeeping requirements that apply to a QEF or that the Company has supplied or will supply U.S. investors with information such U.S. investors require to report under the QEF rules in the event that the Company is a PFIC for any tax year.

A timely and effective QEF Election requires a U.S. investor to include currently in gross income each year its pro rata share of the Company’s ordinary earnings and net capital gains, regardless of whether such earnings and gains are actually distributed. Thus, a U.S. investor could have a tax liability with respect to such ordinary earnings or gains without a corresponding receipt of cash from the Company. If the Company is a QEF with respect to a U.S. investor, the U.S. investor’s basis in the common shares will be increased to reflect the amount of the taxed but undistributed income. Distributions of income that had previously been taxed will result in a corresponding reduction of basis in the common shares and will not be taxed again as a distribution to a U.S. investor. Taxable gains on the disposition of common shares by a U.S. investor that has made a timely and effective QEF Election are generally capital gains. A U.S. investor must make a QEF Election for the Company and each Subsidiary PFIC if it wishes to have this treatment. To make a QEF Election, a U.S. investor will need to have an annual information statement from the Company setting forth the ordinary earnings and net capital gains for the year. In general, a U.S. investor must make a QEF Election on or before the due date for filing its income tax return for the first year to which the QEF Election will apply. Under applicable Treasury Regulations, a U.S. investor will be permitted to make retroactive elections in particular, but limited, circumstances, including if it had a reasonable belief that the Company was not a PFIC and did not file a protective election. If a U.S. investor owns PFIC stock indirectly through another PFIC, separate QEF Elections must be made for the PFIC in which the U.S. investor is a direct shareholder and the Subsidiary PFIC for the QEF rules to apply to both PFICs.

Each U.S. investor should consult its own tax advisor regarding the availability and desirability of, and procedure for, making a timely and effective QEF Election (including a “pedigreed” QEF election where necessary) for the Company and any Subsidiary PFIC.

A Mark-to-Market Election may be made with respect to stock in a PFIC if such stock is “regularly traded” on a “qualified exchange or other market” (within the meaning of the Code and the applicable U.S. Treasury Regulations). A class of stock that is traded on one or more qualified exchanges or other markets is considered to be “regularly traded” for any calendar year during which such class of stock is traded in other than de minimis quantities on at least 15 days during each calendar quarter. If the common shares are considered to be “regularly traded” within this meaning, then a U.S. investor generally will be eligible to make a Mark-to-Market Election with respect to its common shares. However, there is no assurance that the common shares will be or remain “regularly traded” for this purpose. A Mark-to-Market Election may not be made with respect to the stock of any Subsidiary PFIC because such stock is not marketable. Hence, a Mark-to-Market Election will not be effective to eliminate the application of the default rules of Section 1291 of the Code, described above, with respect to deemed dispositions of Subsidiary PFIC stock or excess distributions with respect to a Subsidiary PFIC.

A U.S. investor that makes a timely and effective Mark-to-Market Election with respect to common shares generally will be required to recognize as ordinary income in each tax year in which the Company is a PFIC an amount equal to the excess, if any, of the fair market value of such shares as of the close of such taxable year over the U.S. investor’s adjusted tax basis in such shares as of the close of such taxable year. A U.S. investor’s adjusted tax basis in the common shares generally will be increased by the amount of ordinary income recognized with respect to such shares. If the U.S. investor’s adjusted tax basis in the common shares as of the close of a tax year exceeds the fair market value of such shares as of the close of such taxable year, the U.S. investor generally will recognize an ordinary loss, but only to the extent of net mark-to-market income recognized with respect to such shares for all prior taxable years. A U.S. investor’s adjusted tax basis in its common shares generally will be decreased by the amount of ordinary loss recognized with respect to such shares. Any gain recognized upon a disposition of the common shares generally will be treated as ordinary income, and any loss recognized upon a disposition generally will be treated as an ordinary loss to the extent of net mark-to-market income recognized for all prior taxable years. Any loss recognized in excess thereof will be taxed as a capital loss. Capital losses are subject to significant limitations under the Code.

Each U.S. investor should consult its own tax advisor regarding the availability and desirability of, and procedure for, making a timely and effective Mark-to-Market Election with respect to the common shares.

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 30% 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.

The discussion of reporting requirements set forth above is not intended to constitute an exhaustive description of all reporting requirements that may apply to a U.S. investor. A failure to satisfy certain reporting requirements may result in an extension of the time period during which the IRS can assess a tax, and, under certain circumstances, such an extension may apply to assessments of amounts unrelated to any unsatisfied reporting requirement. Each U.S. investor should consult its own tax advisor regarding the information reporting and backup withholding rules.

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 24 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

None

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 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.

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 Controls 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 controls over financial reporting as of December 31, 2017, 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 controls over financial reporting were effective as at December 31, 2017.

This annual report does not include an attestation report of the Company's independent registered public accounting firm regarding internal control over financial reporting. Because the Company is an Emerging Growth company, the Company has elected to defer its Section 404(b) requirements and the Company's 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 Controls over Financial Reporting

Based on the evaluation as at December 31, 2017, management, including our principal executive officer and principal financial officer, have concluded that there were material changes in the design of internal controls from the last annual reporting date of December 31, 2016. Corrective action was taken to remediate the material weaknesses around not having a formal risk management process in place that involves all appropriate levels of management, as well as certain policies that had not been translated into Spanish for Company employees operating in Mexico. Avino has adopted a formal risk management process which involves all appropriate levels of management. Further, Avino has performed certified translations to Spanish for Spanish-speaking staff, primarily located in Mexico, including the translation of an appropriate whistleblower policy and program, and clear direction on how to report suspected incidents to an independent committee. In addition, management continues to maintain close involvement in the day to day activities, which provides an additional level of compensating controls.

Item 16A. Audit Committee Financial Expert

The Board determined that Mr. Gary Robertson and Mr. Ross Glanville are qualified as Audit Committee Financial Experts. Mr. Robertson and Mr. Glanville are independent as determined by the NYSE American rules.

Item 16B. Code of Ethics

The Company has adopted a Code of Ethics (“Code”) that applies to all directors, officers, consultants 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 refer to the Company’s Whistleblower Policy.

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 and Whistleblower Policy has been filed as an exhibit with the SEC and are available at the Company’s website at www.avino.com. You may obtain a copy of the Code and Whistleblower Policy upon request by contacting the Company’s Corporate Secretary at 570 Granville Street, Suite 900, Vancouver, British Columbia V6C 3P1, Canada.

Item 16C. Principal Accountant Fees and Services

The independent auditor for the years ended December 31, 2017 and 2016 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, 2017 and 2016, were \$176,000 and \$146,468, 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, 2017 and 2016, were \$7,700 and \$7,546, respectively, and consisted of travel and expenses.

Tax Fees

The tax fees billed by Manning Elliott LLP for the Company's years ended December 31, 2017 and 2016, were Nil and \$6,037, 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, 2017 and 2016, were \$7,500 and \$17,827, respectively, and consisted of fees related to the Company's securities registration documents.

The Audit Committee approved 100% of the fees paid to the principal accountant for audit-related, tax and other fees in the fiscal years 2017 and 2016. 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 American. The Company does not believe that its corporate governance practices differ from those followed by domestic companies under the listing standards of the NYSE American.

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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Report of Independent Registered Public Accounting Firm	105-106
Consolidated Statements of Financial Position as at December 31, 2017 and December 31, 2016	107
Consolidated Statements of Operations and Comprehensive Income (Loss) for the years ended December 31, 2017, 2016 and 2015	108
Consolidated Statements of Changes in Equity for the years ended December 31, 2017, 2016 and 2015	109
Consolidated Statements of Cash Flows for the years ended December 31, 2017, 2016 and 2015	110
Notes to the Consolidated Financial Statements	111 through 147

Item 19. Exhibits

Exhibit Number	Exhibit
1.1	Memorandum of Avino Silver & Gold Mines Ltd.*
1.2	Articles of Avino Silver & Gold Mines Ltd.*
4.1	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)S
4.2	Stock Option Plan, as amended (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)
4.3	\$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)
4.4	Placement Agency Agreement (Incorporated by reference to Exhibit 10.1 to Form 6-K filed with the SEC on February 21, 2014)
4.5	Form of Subscription Agreement (Incorporated by reference to Exhibit 10.2 to Form 6-K filed with the SEC on February 21, 2014)
4.6	Form of Warrant Agreement (Incorporated by reference to Exhibit 10.3 to Form 6-K filed with the SEC on February 21, 2014)
4.7	Malcolm Davidson Employment Agreement dated Jan. 1, 2014 (Incorporated by reference to Exhibit 4.13 to Form 20-F filed with the SEC on May 11, 2015)
4.8	J.C. Rodríguez Employment Agreement dated July 1, 2013 and Amendment dated April 14, 2014 (Incorporated by reference to Exhibit 4.14 to Form 20-F filed with the SEC on May 11, 2015)
4.9	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.)
4.10	Intermark Capital Corporation Consulting Agreement dated Jan. 1, 2016 and Amended March 23, 2016
4.11	Underwriting Agreement (Incorporated by reference to Exhibit 99.1 to Form 6K filed with the SEC on November 23, 2016.)
4.12	Warrant Indenture (Incorporated by reference to Exhibit 99.1 to Form 6K filed with the SEC on November 30, 2016)
4.13	2016 Restricted Share Unit Plan
4.14	Amended and Restated Controlled Equity Offering Sales Agreement dated August 4, 2017 between Avino Silver & Gold Mines Ltd. and Cantor Fitzgerald & Co. (Incorporated by reference to Exhibit 99.1 to Form 6K filed with the SEC on August 4, 2017)
4.15	Technical Report on the Avino Property, Durango, Mexico dated April 11, 2017 (Incorporated by reference to Exhibit 99.1 to Form 6K filed with the SEC on May 23, 2017)
8.1	List of Subsidiaries
11.1	Code of Ethics and Whistleblower Policy
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 Canada Inc.
13.5	Consent of QG Australia (Pty) Ltd., An Aranz Geo Company
13.6	Consent of Kirkham Geosystems Ltd.
13.7	Consent of Jasman Yee, P.Eng.

* Previously filed.



AVINO SILVER & GOLD MINES LTD.

Consolidated Financial Statements

For the years ended December 31, 2017, 2016, and 2015

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, 2017, December 31, 2016, and January 1, 2016, and for the years ended December 31, 2017, 2016 and 2015, 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
April 2, 2018

"Malcolm Davidson"

Malcolm Davidson, CPA, CA
Chief Financial Officer
April 2, 2018

INDEPENDENT AUDITOR'S REPORT

To the Shareholders and the Board of Directors of
Avino Silver & Gold Mines Ltd.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Avino Silver & Gold Mines Ltd. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2017, December 31, 2016 and January 1, 2016, and the consolidated statements of operations and comprehensive income (loss), consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2017, 2016 and 2015, and the related notes, including a summary of significant accounting policies and other explanatory information (collectively referred to as the "consolidated financial statements").

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2017, December 31, 2016 and January 1, 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

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.

Auditor's 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 PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement, whether due to fraud or error. Those standards also require that we comply with ethical requirements. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. Further, we are required to be independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada and to fulfill our other ethical responsibilities in accordance with these requirements.

An audit includes performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and performing procedures that respond to those risks. Such procedures include examining, on a test basis, evidence regarding 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. An audit also includes evaluating the appropriateness of accounting policies and principles 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 reasonable basis for our audit opinion.

Emphasis of Matter

As discussed in Note 5 to the consolidated financial statements, the Company has elected to change its presentation currency during the year ended December 31, 2017.

/s/ Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, British Columbia

April 2, 2018

We have served as the Company's auditor since 2007

AVINO SILVER & GOLD MINES LTD.

Consolidated Statements of Financial Position

(Expressed in US dollars, except where otherwise noted)

	Note	December 31, 2017	December 31, 2016	January 1, 2016
ASSETS			(Notes 2 & 5)	(Notes 2 & 5)
Current assets				
Cash		\$ 3,419,532	\$ 11,779,718	\$ 5,401,109
Short-term investments	6	1,000,000	10,000,000	-
Amounts receivable		4,634,997	3,050,012	2,695,315
Taxes recoverable	7	6,368,775	3,529,415	2,205,950
Prepaid expenses and other assets		2,065,223	965,176	850,473
Inventory	8	9,102,257	5,804,012	3,332,539
Total current assets		26,590,784	35,128,333	14,485,386
Exploration and evaluation assets	9	43,337,870	30,791,736	29,896,658
Plant, equipment and mining properties	11	31,951,605	27,738,747	18,593,232
Long-term investments		33,773	26,717	27,971
Reclamation bonds	12	713,830	108,364	105,130
Total assets		\$ 102,627,862	\$ 93,793,897	\$ 63,108,377
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities		\$ 3,511,720	\$ 3,727,253	\$ 3,019,198
Amounts due to related parties	13(b)	186,563	199,393	157,386
Current portion of term facility	14	4,000,000	4,666,667	4,666,667
Current portion of equipment loans	15	848,387	976,951	160,543
Current portion of finance lease obligations	16	1,116,377	1,434,741	1,311,956
Taxes payable		525,378	817,285	831,809
Total current liabilities		10,188,425	11,822,290	10,147,559
Term facility	14	4,666,667	4,666,667	5,333,333
Equipment loans	15	397,817	1,190,734	528,843
Finance lease obligations	16	1,232,773	1,376,933	1,665,848
Warrant liability	17	1,161,109	1,629,797	-
Reclamation provision	18	11,638,157	6,962,911	4,369,486
Deferred income tax liabilities	27	4,548,000	4,688,315	3,535,344
Total liabilities		33,832,948	32,337,647	25,580,413
EQUITY				
Share capital	19	81,467,603	80,784,973	58,240,661
Equity reserves		10,581,073	9,100,033	9,330,107
Treasury shares (14,180 shares, at cost)		(97,100)	(97,100)	(97,100)
Accumulated other comprehensive loss		(4,073,466)	(6,456,187)	(6,360,914)
Accumulated deficit		(19,083,196)	(21,875,469)	(23,584,790)
Total equity		68,794,914	61,456,250	37,527,964
Total liabilities and equity		\$ 102,627,862	\$ 93,793,897	\$ 63,108,377

Commitments – Note 22

Approved and authorized for issuance by the Board of Directors on April 2, 2018:

“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, 2017, 2016, and 2015

(Expressed in US dollars, except where otherwise noted)

	Note	2017	2016	2015
			<i>(Notes 2 & 5)</i>	<i>(Notes 2 & 5)</i>
Revenue from mining operations	20	\$ 33,358,641	\$ 30,105,336	\$ 14,924,798
Cost of sales	20	21,975,130	19,160,800	8,573,200
Mine operating income		11,383,511	10,944,536	6,351,598
Operating expenses				
General and administrative expenses	21	3,312,432	3,788,867	3,297,240
Share-based payments	19	2,018,363	1,218,703	31,926
Income before other items		6,052,716	5,936,966	3,022,432
Other items				
Fair value adjustment on warrant liability	17	563,466	8,197	187,463
Interest and other income		245,810	52,122	46,221
Unrealized gain (loss) on long-term investments		5,002	(2,142)	(43,154)
Foreign exchange gain (loss)		(935,058)	156,260	(652,137)
Accretion of reclamation provision	18	(248,267)	(214,787)	(107,090)
Finance cost		(157,078)	(142,574)	(11,136)
Interest expense		(102,541)	(125,744)	(140,842)
Net income before income taxes		5,424,050	5,668,298	2,301,757
Income taxes				
Current income tax expense	27	(2,910,904)	(3,159,559)	(2,806,035)
Deferred income tax (expense) recovery	27	140,315	(1,005,208)	882,365
		(2,770,589)	(4,164,767)	(1,923,670)
Net income		2,653,461	1,503,531	378,087
Other comprehensive income (loss)				
Items that may be reclassified subsequently to income or loss:				
Currency translation differences of foreign operations		2,382,721	(95,273)	(3,583,669)
Total comprehensive income (loss)		\$ 5,036,182	\$ 1,408,258	\$ (3,205,582)
Earnings per share	19(e)			
Basic		\$0.05	\$0.04	\$0.01
Diluted		\$0.05	\$0.03	\$0.01
Weighted average number of common shares outstanding	19(e)			
Basic		52,523,454	42,695,999	36,229,424
Diluted		53,320,009	43,791,451	36,723,725

AVINO SILVER & GOLD MINES LTD.

Consolidated Statements of Changes in Equity

For the years ended December 31, 2017, 2016, and 2015

(Expressed in US dollars, except where otherwise noted)

	Note	Number of Common Shares	Share Capital Amount	Equity Reserves	Treasury Shares	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Equity
Balance, January 1, 2015	2, 5	35,374,813	\$ 55,381,240	\$ 10,320,406	\$ (97,100)	\$ (2,777,245)	\$ (23,994,105)	\$ 38,833,196
Common shares issued for cash:								
Brokered public offerings	19	1,001,196	1,213,120	-	-	-	-	1,213,120
Less share issuance costs	19	-	(82,353)	-	-	-	-	(82,353)
Exercise of stock options	19	922,000	733,412	-	-	-	-	733,412
Carrying value of stock options exercised		-	995,242	(995,242)	-	-	-	-
Options and warrants cancelled or expired		-	-	(31,228)	-	-	31,228	-
Share-based payments	19	-	-	36,171	-	-	-	36,171
Net income for the year		-	-	-	-	-	378,087	378,087
Currency translation differences of foreign operations		-	-	-	-	(3,583,669)	-	(3,583,669)
Balance, December 31, 2015	2, 5	37,298,009	\$ 58,240,661	\$ 9,330,107	\$ (97,100)	\$ (6,360,914)	\$ (23,584,790)	\$ 37,527,964
Common shares issued for cash:								
Brokered public offerings	19	14,043,992	21,663,101	-	-	-	-	21,663,101
Less share issuance costs	19	-	(1,458,599)	-	-	-	-	(1,458,599)
Exercise of stock options	19	1,079,000	948,690	-	-	-	-	948,690
Carrying value of stock options exercised		-	1,368,773	(1,368,773)	-	-	-	-
Options and warrants cancelled or expired		-	-	(205,790)	-	-	205,790	-
Shares issued for exploration and evaluation assets	9(b)	10,000	22,347	-	-	-	-	22,347
Share-based payments (net of costs of \$4,539)	19	-	-	1,344,489	-	-	-	1,344,489
Net income for the year		-	-	-	-	-	1,503,531	1,503,531
Currency translation differences of foreign operations		-	-	-	-	(95,273)	-	(95,273)
Balance, December 31, 2016	2, 5	52,431,001	\$ 80,784,973	\$ 9,100,033	\$ (97,100)	\$ (6,456,187)	\$ (21,875,469)	\$ 61,456,250
Common shares issued for cash:								
Brokered public offerings	19	10,000	16,737	-	-	-	-	16,737
Exercise of stock options	19	20,000	24,836	-	-	-	-	24,836
Carrying value of stock options exercised		-	19,998	(19,998)	-	-	-	-
Options and warrants cancelled or expired		-	-	(138,812)	-	-	138,812	-
Carrying value of RSUs exercised		257,152	622,719	(622,719)	-	-	-	-
Total share issuance costs		-	(1,660)	-	-	-	-	(1,660)
Share-based payments	19	-	-	2,262,569	-	-	-	2,262,569
Net income for the year		-	-	-	-	-	2,653,461	2,653,461
Currency translation differences of foreign operations		-	-	-	-	2,382,721	-	2,382,721
Balance, December 31, 2017		52,718,153	\$ 81,467,603	\$ 10,581,073	\$ (97,100)	\$ (4,073,466)	\$ (19,083,196)	\$ 68,794,914

AVINO SILVER & GOLD MINES LTD.

Consolidated Statements of Cash Flows

For the years ended December 31, 2017, 2016, and 2015

(Expressed in US dollars, except where otherwise noted)

	Note	2017	2016	2015
Cash Provided By (Used In):			<i>(Notes 2 & 5)</i>	<i>(Notes 2 & 5)</i>
Operating Activities				
Net income		\$ 2,653,461	\$ 1,503,531	\$ 378,087
Adjustments for non-cash items:				
Depreciation and depletion		2,572,047	1,341,577	1,049,255
Deferred income tax expense (recovery)		(140,315)	1,005,208	(882,365)
Share-based payments		2,018,363	1,218,703	31,926
Accretion of reclamation provision		248,267	214,787	107,090
Unrealized gain on long-term investments		(5,002)	2,142	43,154
Foreign exchange loss (gain)		126,810	(440,739)	(605,955)
Fair value adjustment on warrant liability		(563,466)	(8,197)	(187,463)
		6,910,165	4,837,012	(66,271)
Net change in non-cash working capital items	23	(9,077,103)	(1,098,070)	(2,101,273)
		(2,166,938)	3,738,942	(2,167,544)
Financing Activities				
Shares and units issued for cash, net of issuance costs		39,912	22,791,185	1,864,179
Finance lease payments		(1,581,264)	(1,531,708)	(1,216,497)
Equipment loan payments		(846,967)	(587,175)	(75,120)
Term facility proceeds (payments)		(666,667)	(666,666)	10,000,000
		(3,054,986)	20,005,636	10,572,562
Investing Activities				
Exploration and evaluation expenditures		(5,526,937)	(8,312,934)	(19,628,309)
Additions to plant, equipment and mining properties		(6,608,168)	(3,682,938)	(3,375,181)
Redemption (purchase) of short-term investments		9,000,000	(10,000,000)	-
Recovery of exploration costs from concentrate proceeds		-	4,587,005	16,094,867
		(3,135,105)	(17,408,867)	(6,908,623)
Change in cash		(8,357,029)	6,335,711	1,496,395
Effect of exchange rate changes on cash		(3,157)	42,898	241,414
Cash, Beginning of the year		11,779,718	5,401,109	3,663,300
Cash, End of the year		\$ 3,419,532	\$ 11,779,718	\$ 5,401,109

Supplementary Cash Flow Information (Note 23)

AVINO SILVER & GOLD MINES LTD.

Notes to the consolidated financial statements

For the years ended December 31, 2017, 2016, and 2015

(Expressed in US dollars, except where otherwise noted)

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. Avino is a reporting issuer in all of the provinces of Canada, except for Quebec, and a foreign private issuer with the Securities and Exchange Commission in the United States. The Company’s shares trade on the Toronto Stock Exchange (“TSX”), under the symbol “ASM” (the Company graduated from the TSX Venture Exchange on January 8, 2018), on the NYSE American under the symbol “ASM”, and on the Berlin and Frankfurt Stock Exchanges under the symbol “GV6”.

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, and on April 1, 2016, the Company commenced production of copper, silver, and gold at levels intended by management at its Avino Mine. Both mines are located on the historic Avino property 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 US dollars and have been prepared on a historical cost basis except for certain 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 & presentation currencies

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

Effective January 1, 2017, the Company changed its presentation currency from the Canadian dollar to the US dollar. The Company believes that the change in presentation currency will provide shareholders with a better reflection of the Company’s business activities and enhance the comparability of the Company’s financial information to its peers. For more details, see Note 5 of these consolidated financial statements.

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.

AVINO SILVER & GOLD MINES LTD.

Notes to the consolidated financial statements

For the years ended December 31, 2017, 2016, and 2015

(Expressed in US dollars, except where otherwise noted)

2. BASIS OF PRESENTATION (continued)

Foreign Currency Translation (continued)

Foreign operations

Subsidiaries that have functional currencies other than the US dollar translate their sales to US dollars at spot rates on the date of the transactions and remaining statement of operations items 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.

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 and Avino Mine had achieved production levels intended by management as of October 1, 2012 and April 1, 2016, respectively, and that none of the Company's exploration and evaluation assets had achieved production levels intended by management as at December 31, 2017.

AVINO SILVER & GOLD MINES LTD.

Notes to the consolidated financial statements

For the years ended December 31, 2017, 2016, and 2015

(Expressed in US dollars, except where otherwise noted)

2. BASIS OF PRESENTATION (continued)

Significant Accounting Judgments and Estimates (continued)

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

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:

- Acquisition and installation of all critical capital components to achieve desired mining and processing results has been completed. Capital components have been acquired directly and are also available on an as-needed basis from the underground mining contractor;
- The necessary labour force, including mining contractors, has been secured to mine and process at planned levels of output;
- The mill has consistently processed at levels above design capacity and budgeted production levels with consistent recoveries and grades; and,
- Establishing sales agreements with respect to the sale of concentrates.

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. Functional currency

The functional currency for the Company and its subsidiaries is the currency of the primary economic environment, in which the entity operates. The Company has determined the functional currency of the Company and its Canadian subsidiary to be the Canadian dollar. The Company has determined the functional currency of its Mexican subsidiaries to be the US dollar. Determination of functional currency may involve certain judgments to determine the primary economic environment. The Company reconsiders the functional currency of its entities, if there is a change in events and conditions, which determine the primary economic environment.

- b)** Significant assumptions about the future and other sources of estimation uncertainty that management has made at the consolidated 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 copper, silver, and gold contained in the stockpiles and finished goods assumptions for the amount of copper, 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.

AVINO SILVER & GOLD MINES LTD.

Notes to the consolidated financial statements

For the years ended December 31, 2017, 2016, and 2015

(Expressed in US dollars, except where otherwise noted)

2. BASIS OF PRESENTATION (continued)

Significant Accounting Judgments and Estimates (continued)

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, 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 and warrants*

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments and warrants. 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. Warrant liabilities are accounting for as derivate liabilities (see Note 17).

iv. *Impairment of plant, equipment and 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 and 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.

AVINO SILVER & GOLD MINES LTD.

Notes to the consolidated financial statements

For the years ended December 31, 2017, 2016, and 2015

(Expressed in US dollars, except where otherwise noted)

2. BASIS OF PRESENTATION (continued)**Significant Accounting Judgments and Estimates** (continued)**vi. Recognition and measurement of deferred tax assets and liabilities**

Actual amounts of income tax expense are not final until tax returns are filed and accepted by the relevant authorities. This occurs subsequent to the issuance of the consolidated financial statements and the final determination of actual amounts may not be completed for a number of years. Therefore, tax assets and liabilities and net income in subsequent periods will be affected by the amount that estimates differ from the final tax return. 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.

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 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 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%.

AVINO SILVER & GOLD MINES LTD.

Notes to the consolidated financial statements

For the years ended December 31, 2017, 2016, and 2015

(Expressed in US dollars, except where otherwise noted)

2. BASIS OF PRESENTATION (continued)

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, amounts receivable, short- and long-term 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, amounts receivable, investments (short- and long-term), and warrant liability as FVTPL. 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.

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

- (i) Financial assets classified as FVTPL 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 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) 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.
- (iv) 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, 2017 and 2016, the Company classified share purchase warrants with an exercise price in US dollars (see Note 17) 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

Cash in the consolidated 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, 2017, 2016, and 2015

(Expressed in US dollars, except where otherwise noted)

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 sales.

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 commences.

AVINO SILVER & GOLD MINES LTD.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Plant, equipment and mining properties (continued)

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.

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, 2017, December 31, 2016, and January 1, 2016, the Company estimated a remaining mine life for San Gonzalo of 0.8 years, 1.8 years, and 2.8 years, respectively.

As at December 31, 2017 and 2016, the Company estimated a remaining mine life for the Avino Mine of 10.3 and 11.3 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 using the following annual rates and methods:

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.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment (continued)

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.

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 copper, silver, and gold concentrate in a saleable form. The Company has bulk copper, 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.

AVINO SILVER & GOLD MINES LTD.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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. 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 as a reduction of capitalized exploration and evaluation costs.

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 and restricted share unit ("RSU") plan allows directors, officers, employees, and consultants to acquire common shares of the Company.

The fair value of options granted is measured at fair value at the grant date based on the market value of the Company's common shares on that date.

The fair value of equity-settled RSUs is measured at the grant date based on the market value of the Company's common shares on that date, and each tranche is recognized using the graded vesting method over the period during which the RSUs vest. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of RSUs that are expected to vest.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)**Share-based payment transactions** (continued)

All options and RSUs are recognized in the consolidated statements of operations and comprehensive income (loss) as an expense or in the consolidated statements of financial position as exploration and evaluation assets over the vesting period with a corresponding increase in equity reserves in the consolidated statements of financial position.

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.

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 consolidated 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.

AVINO SILVER & GOLD MINES LTD.

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4. RECENT ACCOUNTING PRONOUNCEMENTS

Application of new and revised accounting standards:

Annual Improvements to IFRSs 2014-2016 Cycle

In December 2016, the IASB issued the Annual Improvements 2014-2016 cycle, effective for annual periods beginning on or after January 1, 2017. The amendments did not have an impact on the Company's consolidated financial statements.

Changes in accounting standards not yet effective:

The Company has not early adopted any amendment, standard, or interpretation that has been issued by the IASB, but is not yet effective. The following accounting standards were issued, but not yet effective as of December 31, 2017:

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 model framework for the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. Either a modified retrospective application or full retrospective application is required for IFRS 15. The Company has not committed to either application, but it is expected that the Company will apply the full retrospective approach upon transition on January 1, 2018.

Under IFRS 15, revenue related to the transfer of promised goods or services should be recognized when the control of the goods or services passes to the customers. The Company has evaluated the impact of applying IFRS 15, by analyzing its concentrate sales agreements, and concluded that there is no material change in the timing of revenue recognized under the new standard, and based on the facts and circumstances at December 31, 2017, there will be no material impact to the timing of the Company's recognition of revenues.

IFRS 15 also requires entities to apportion revenue earned from contracts to distinct performance obligations on a relative standalone selling price basis. Under the terms of a number of the Company's concentrate agreements, the seller must contract for and pay the shipping and insurance costs necessary to bring the goods to the named destination. Under IFRS 15, the obligation to fulfill the shipping and insurance services, will be deferred and recognized over time, as the obligations are fulfilled. Based on the facts and circumstances at December 31, 2017, the Company has determined that the impact of this change is insignificant, and there will be no material impact to the Company's recognition of revenues.

IFRS 15 contains presentation and disclosure requirements which are currently more detailed than current standards, with many requirements being new. Under IFRS 15, the Company will present disclosure relating to the timing of completion of the Company's performance obligations, and the portion of revenue related to provisional pricing adjustments on its concentrate sales will also be separately disclosed.

IFRS 9 – Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 – Financial Instruments ("IFRS 9") to replace IAS 39 – Financial Instruments: Recognition and Measurement in its entirety. IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking 'expected-loss' impairment model, as well as a substantially reformed approach to hedge accounting. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company will apply IFRS 9 at the date it becomes effective. Except for hedge accounting, retrospective application is required, but the provision of comparative information is not required. For hedge accounting, the requirements are generally applied prospectively.

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4. RECENT ACCOUNTING PRONOUNCEMENTS (continued)

IFRS 9 – Financial Instruments (continued)

The classification of financial assets and liabilities is expected to remain consistent under IFRS 9, with the possible exception of equity securities. Under IFRS 9, the Company will have the option to designate equity securities as financial assets at fair value through other comprehensive income or loss. If the Company does not make this election, changes in the fair value of equity securities will continue to be recognized in profit or loss in accordance with the Company's current policy.

The introduction of the new 'expected credit loss' impairment model is not expected to have an impact on the Company, given the Company sells its concentrate to large international organizations with a negligible historical level of customer default, and the corresponding receivables from these sales are short term in nature.

The Company expects the above potential changes to be the only impacts, as the Company currently has no hedging arrangements.

IFRS 16 – Leases

In January 2016, the IASB issued IFRS 16 – Leases ("IFRS 16") which replaces IAS 17 – Leases and its associated interpretative guidance, 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. A lessee can choose to apply IFRS 16 using either a full retrospective approach or a modified retrospective approach. The Company plans to apply IFRS 16 at the date it becomes effective and has not yet selected a transition approach.

The Company is in the process of identifying and collecting data relating to existing agreements that may contain right-of-use assets. At this time it is not possible for the Company to make reasonable quantitative estimates of the effects of the new standard, and is currently evaluating its expected impact on the consolidated financial statements.

5. CHANGE IN PRESENTATION CURRENCY

Effective January 1, 2017, the Company changed its presentation currency to US dollars from Canadian dollars. The Company believes that the change in presentation currency will provide shareholders with a better reflection of the Company's business activities and enhance the comparability of the Company's financial information to peers. The change in presentation currency represents a voluntary change in accounting policy, which is accounted for retrospectively. The consolidated financial statements for all periods presented have been translated into the new presentation currency in accordance with IAS 21 – The Effects of Changes in Foreign Exchange Rates.

The consolidated statements of operations and comprehensive income (loss) and the consolidated statements of cash flows have been translated into the presentation currency using the average exchange rates prevailing during each reporting period. In the consolidated statements of financial position, all assets and liabilities have been translated using the period-end exchange rates, and all resulting exchange differences have been recognized in accumulated other comprehensive loss. Asset and liability amounts previously reported in Canadian dollars have been translated into US dollars as at January 1, 2016, and December 31, 2016, using the period-end exchange rates of 1.3840 CAD/USD and 1.3427 CAD/USD, respectively, and shareholders' equity balances have been translated using historical rates in effect on the date of the transactions.

AVINO SILVER & GOLD MINES LTD.

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5. CHANGE IN PRESENTATION CURRENCY (continued)

The change in presentation currency resulted in the following impact on the January 1, 2016, opening statement of financial position:

	Reported at January 1, 2016 in CAD	Presentation currency change	Restated January 1, 2016, in USD
Total assets	\$ 87,341,992	\$ 24,233,615	\$ 63,108,377
Total liabilities	35,403,293	9,822,880	25,580,413
Equity	51,938,699	14,410,735	37,527,964

The change in presentation currency resulted in the following impact on the December 31, 2016, statement of financial position:

	Reported at December 31, 2016 in CAD	Presentation currency change	Restated December 31, 2016, in USD
Total assets	\$ 125,937,065	\$ 32,143,168	\$ 93,793,897
Total liabilities	43,419,758	11,082,111	32,337,647
Equity	82,517,307	21,061,057	61,456,250

6. SHORT-TERM INVESTMENTS

The Company's short-term investments consist of term deposits maturing within one year, with an interest rate of 0.8%. All term deposits are redeemable at any time without penalty.

At December 31, 2017, the Company's short-term investments totalled \$1,000,000 (December 31, 2016 - \$10,000,000, January 1, 2016 - \$Nil).

7. TAXES RECOVERABLE

The Company's taxes recoverable consist of the Mexican I.V.A. ("VAT") and income taxes recoverable and Canadian sales taxes ("GST") recoverable.

	December 31, 2017	December 31, 2016	January 1, 2016
VAT recoverable	\$ 5,778,823	\$ 3,375,948	1,185,710
GST recoverable	105,190	153,467	123,791
Income taxes recoverable	484,762	-	896,449
Total taxes recoverable	\$ 6,368,775	\$ 3,529,415	2,205,950

8. INVENTORY

	December 31, 2017	December 31, 2016	January 1, 2016
Process material stockpiles	\$ 3,565,892	\$ 2,604,720	\$ 2,434,943
Concentrate inventory	3,436,879	1,895,808	159,998
Materials and supplies	2,099,486	1,303,484	737,598
	\$ 9,102,257	\$ 5,804,012	\$ 3,332,539

The amount of inventory recognized as an expense for the year ended December 31, 2017, totalled \$21,975,130 (2016 - \$19,160,800; 2015 - \$8,573,200), and includes production costs and depreciation and depletion directly attributable to the inventory production process.

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9. 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, 2016	\$ 15,241,740	\$ 14,654,917	\$ 1	\$ 29,896,658
Costs incurred during 2016:				
Mine and camp costs	3,379,702	2,831,997	-	6,211,699
Provision for reclamation	-	2,656,790	-	2,656,790
Water treatment and tailing storage facility costs	-	1,249,064	-	1,249,064
Effect of movement in exchange rates	254,153	450,767	-	704,920
Depreciation of plant and equipment	203,350	467,944	-	671,294
Interest and financing costs	101,383	363,218	-	464,601
Drilling and exploration	305,065	59,488	-	364,553
Geological and related services	11,721	237,861	-	249,582
Acquisition costs	-	156,845	-	156,845
Assessments and taxes	80,722	20,938	-	101,660
Assays	-	1,006	-	1,006
Transfers	(7,011,990)	-	-	(7,011,990)
Sale of concentrate	(4,587,005)	-	-	(4,587,005)
Mineral exploration tax credit	-	(337,941)	-	(337,941)
Balance, December 31, 2016	\$ 7,978,841	\$ 22,812,894	\$ 1	\$ 30,791,736
Costs incurred during 2017:				
Mine and camp costs	-	4,300,669	-	4,300,669
Provision for reclamation	-	3,761,597	-	3,761,597
Effect of movements in exchange rates	554,843	1,603,903	-	2,158,746
Drilling and exploration	418,123	348,226	-	766,349
Depreciation of plant and equipment	-	715,796	-	715,796
Interest and financing costs	-	377,350	-	377,350
Geological and related services	-	264,584	-	264,584
Water treatment and tailing storage facility costs	-	223,837	-	223,837
Assessments and taxes	82,298	97,118	-	179,416
Mineral exploration tax credit	-	(202,210)	-	(202,210)
Balance, December 31, 2017	\$ 9,034,105	\$ 34,303,764	\$ 1	\$ 43,337,870

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9. 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 at levels intended by management as of October 1, 2012, and on this date accumulated exploration and evaluation costs 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 Papasquiario property

The Santiago Papasquiario property is located near the village of Santiago Papasquiario, 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". The ET zone includes the Avino Mine, where production at levels intended by management was achieved on April 1, 2016.

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. In consideration of the granting of these rights, the Company issued 135,189 common shares with a fair value of C\$250,100 during the year ended December 31, 2012.

The Company has agreed to pay to Minerales a royalty equal to 3.5% of net smelter returns ("NSR"). In addition, after the start of production, if the minimum monthly processing rate of the mine facilities is less than 15,000 tonnes, then the Company must pay to Minerales a minimum royalty equal to the applicable NSR royalty based on the processing at a monthly rate of 15,000 tonnes.

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9. EXPLORATION AND EVALUATION ASSETS (continued)

(a) *Durango, Mexico (continued)*

(iv) Unification La Platosa properties (continued)

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 \$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.

The Company commenced production at levels intended by management at the Avino Mine on April 1, 2016. In connection with the transition to production at levels intended by management, the Company assessed the \$7,011,990 estimated carrying value of Avino Mine exploration and evaluation assets for impairment and determined that the recoverable amount exceeded the carrying value of the CGU. The Company subsequently transferred the carrying value to inventory in the amount of \$2,538,740 and to mining properties in the amount of \$4,473,250.

In the periods before production at levels intended by management had been achieved, the Company recorded in its statement of financial position the costs of extracting and processing mineralized material from the Avino Mine as exploration and evaluation costs, and recorded a reduction to the carrying value of those costs for any proceeds from sales of Avino Mine concentrate. During the year ended December 31, 2016, the Company reduced its exploration and evaluation costs in the consolidated statement of financial position by \$4,587,005 for sales of 2,603 tonnes of Avino Mine copper/silver/gold concentrate, prior to commencing production at levels intended by management on April 1, 2016.

(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 Canadian (C\$0.50) per ton of ore produced from these claims if the ore grade exceeds 0.75 ounces per ton gold.

During the year ended December 31, 2016, the Company acquired land and mineral claims for the Bralorne Mine project in connection with ongoing plans for exploration and potential expansion. The acquisitions included nine mineral claims covering approximately 2,114 hectares in the Lillooet Mining Division of British Columbia (the "BRX Property"), for which the Company paid \$48,410 and issued 10,000 common shares at their TSX-V market value of \$22,347. The BRX Property carries a 1% net smelter returns royalty to a maximum of C\$250,000, and a 2.5% net smelter returns royalty.

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9. EXPLORATION AND EVALUATION ASSETS (continued)

(b) British Columbia, Canada (continued)

(ii) Minto and Olympic-Kelvin properties

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.

During the year ended December 31, 2017, an option agreement was signed between Avino and Alexco Resource Corp. ("Alexco"), granting Alexco the right to acquire a 65% interest in all 14 quartz mining leases. To exercise the option, Alexco must pay Avino a total of \$70,000 in instalments over 4 years, issue Avino a total of 70,000 Alexco common shares in instalments over 4 years, incur \$550,000 in exploration work by the second anniversary of the option agreement date, and a further \$2.2 million in exploration work on the Eagle Property by the fourth anniversary of the option agreement date.

In the event that Alexco earns its 65% interest in the Eagle Property, Alexco and Avino will form a joint venture for the future exploration and development of the Eagle Property, and may contribute towards expenditures in proportion to their interests (65% Alexco / 35% Avino). If either company elects to not contribute its share of costs, then its interest will be diluted. If either company's joint venture interest is diluted to less than 10%, its interest will convert to a 5.0% net smelter returns royalty, subject to the other's right to buy-down the royalty to 2.0% for \$2.5 million.

The Eagle Property was previously inactive and held by Avino as a non-essential asset to its current operations.

10. NON-CONTROLLING INTEREST

At December 31, 2017, the Company had an effective 99.67% (2016 - 99.67%) interest in its subsidiary Avino Mexico and the remaining 0.33% (2016 - 0.33%) 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.

AVINO SILVER & GOLD MINES LTD.

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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, 2016	4,427,701	66,651	224,545	10,175,329	7,342,421	1,462,197	23,698,844
Additions and transfers	5,748,689	15,873	27,487	4,720,276	272,911	1,177,935	11,963,171
Effect of movements in exchange rates	13,681	206	694	31,440	22,687	4,518	73,226
Balance at December 31, 2016	10,190,071	82,730	252,726	14,927,045	7,638,019	2,644,650	35,735,241
Additions	1,370,176	49,357	27,072	1,271,265	2,137,015	2,948,752	7,803,637
Effect of movements in exchange rates	121,839	989	3,022	178,478	91,325	31,621	427,274
Balance at December 31, 2017	11,682,086	133,076	282,820	16,376,788	9,866,359	5,625,023	43,966,152
ACCUMULATED DEPLETION AND DEPRECIATION							
Balance at January 1, 2016	1,170,392	27,220	88,778	2,761,840	618,128	439,254	5,105,612
Additions	1,109,914	9,089	26,524	1,435,813	226,434	67,332	2,875,106
Effect of movements in exchange rates	3,616	85	274	8,534	1,910	1,357	15,776
Balance at December 31, 2016	2,283,922	36,394	115,576	4,206,187	846,472	507,943	7,996,494
Additions	1,686,830	11,898	26,667	1,827,225	282,535	87,287	3,922,442
Effect of movements in exchange rates	27,307	435	1,382	50,292	10,121	6,074	95,611
Balance at December 31, 2017	3,998,059	48,727	143,625	6,083,704	1,139,128	601,304	12,014,547
NET BOOK VALUE							
At December 31, 2017	7,684,027	84,349	139,195	10,293,084	8,727,231	5,023,719	31,951,605
At December 31, 2016	7,906,149	46,336	137,150	10,720,858	6,791,547	2,136,707	27,738,747
At January 1, 2016	3,257,309	39,431	135,767	7,413,489	6,724,293	1,022,943	18,593,232

Plant, equipment and mining properties includes assets under construction of \$3,283,076 as at December 31, 2017 (December 31, 2016 - \$1,001,211, January 1, 2016 - \$380,082), on which no depreciation was charged in the years then ended.

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12. RECLAMATION BONDS

Under the Ministry of Energy, Mines and Petroleum Resources (“MEM”), the Company is required to hold reclamation bonds that cover the estimated future cost to reclaim the ground disturbed.

At December 31, 2017, the Company has secured \$713,830 (December 31, 2016 - \$108,364, January 1, 2016 - \$105,130) to cover estimated future costs related to the future ground disturbance at the Company’s Canadian operations.

13. 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, were as follows:

	2017		2016		2015	
Salaries, benefits, and consulting fees	\$	860,280	\$	1,276,684	\$	1,329,864
Share-based payments		1,717,592		890,669		-
	\$	2,577,872	\$	2,167,353	\$	1,329,864

(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 \$232,076 (December 31, 2016 - \$110,905, January 1, 2016 - \$102,765) 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, 2017. The following table summarizes the amounts due to related parties:

	December 31, 2017		December 31, 2016		January 1, 2016	
Oniva International Services Corp.	\$	139,047	\$	126,819	\$	118,703
Directors		41,660		44,919		34,495
Jasman Yee & Associates, Inc.		5,856		4,195		4,188
Intermark Capital Corp.		-		19,550		-
Wear Wolfin Designs Ltd.		-		3,910		-
	\$	186,563	\$	199,393	\$	157,386

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13. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(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, are summarized below:

	2017	2016	2015
Salaries and benefits	\$ 450,382	\$ 296,798	\$ 242,134
Office and miscellaneous	566,664	506,534	392,687
Exploration and evaluation assets	351,545	248,304	243,236
	\$ 1,368,591	\$ 1,051,636	\$ 878,057

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 the years ended December 31, 2017, 2016, and 2015, the Company paid \$231,018, \$503,741, and \$620,366, 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, 2017, 2016, and 2015, the Company paid \$80,163, \$140,145, and \$163,178, 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, 2017, 2016, and 2015, the Company paid \$23,102, \$22,638, and \$23,463, respectively, to WWD.

14. TERM FACILITY

In July 2015, the Company entered into a \$10,000,000 term facility with Samsung C&T U.K. Limited (“Samsung”). Interest is charged on the facility at a rate of US dollar LIBOR (3 month) plus 4.75%, and the facility was to be repaid in 15 consecutive equal monthly instalments starting in June 2016. 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. 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 interest, treatment, refining, shipping, and insurance charges.

During the year ended December 31, 2017, the Company and Samsung agreed to amend the Company’s existing term facility by extending the repayment period. Repayments of the remaining balance will be made in 13 equal monthly instalments commencing in July 2018 and ending July 2019. The Company will sell the Avino Mine concentrates on an exclusive basis to Samsung until December 31, 2021.

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 that are sold to Samsung.

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14. TERM FACILITY (continued)

The continuity of the term facility with Samsung is as follows:

	December 31, 2017	December 31, 2016	January 1, 2016
Balance at beginning of the period	\$ 9,333,334	\$ 10,000,000	\$ -
Proceeds	-	-	10,000,000
Repayments	(666,667)	(666,666)	-
Balance at end of the period	8,666,667	9,333,334	10,000,000
Less: Current portion	(4,000,000)	(4,666,667)	(4,666,667)
Non-current portion	\$ 4,666,667	\$ 4,666,667	\$ 5,333,333

15. EQUIPMENT LOANS

The Company has entered into loans for mining equipment maturing in between 2018 and 2020 with fixed interest rates of 4.35% to 5.26% per annum. The Company's obligations under the loans are secured by the mining equipment. As at December 31, 2017, plant, equipment, and mining properties includes a net carrying amount of \$2,065,332 (December 31, 2016 - \$2,507,549, January 1, 2016 - \$706,345) 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, 2017	December 31, 2016	January 1, 2016
Not later than one year	\$ 886,145	\$ 1,060,091	\$ 188,863
Later than one year and not later than five years	409,899	1,237,700	566,904
Less: Future interest charges	(49,840)	(130,106)	(66,381)
Present value of loan payments	1,246,204	2,167,685	689,386
Less: Current portion	(848,387)	(976,951)	(160,543)
Non-current portion	\$ 397,817	\$ 1,190,734	\$ 528,843

The equipment loan credit facilities are a component of the master credit facilities described in Note 16.

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16. FINANCE LEASE OBLIGATIONS

The Company has entered into mining equipment leases expiring between 2018 and 2020, with interest rates ranging from 2% to 11.99% 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. As at December 31, 2017, plant, equipment and mining properties includes a net carrying amount of \$3,950,846 (December 31, 2016 - \$4,801,047, January 1, 2016 - \$5,897,535) 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, 2017	December 31, 2016	January 1, 2016
Not later than one year	\$ 1,203,882	\$ 1,527,031	\$ 1,416,795
Later than one year and not later than five years	1,295,661	1,482,284	1,780,423
Less: Future interest charges	(150,393)	(197,641)	(219,414)
Present value of lease payments	2,349,150	2,811,674	2,977,804
Less: Current portion	(1,116,377)	(1,434,741)	(1,311,956)
Non-current portion	\$ 1,232,773	\$ 1,376,933	\$ 1,665,848

The Company has two master credit facilities with equipment suppliers for a total of \$10,375,400. The facilities are used to acquire equipment necessary for maintaining operations at the San Gonzalo Mine and the Avino Mine, and for continuing exploration activity at the Bralorne Mine. As of December 31, 2017, the Company had \$7,270,423 in available credit remaining under these facilities.

17. WARRANT LIABILITY

The Company's warrant liability arises as a result of the issuance of warrants exercisable in US 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, 2017	December 31, 2016
Balance at beginning of the year	\$ 1,629,797	\$ -
Warrants issued during the year	-	1,637,887
Fair value adjustment	(563,466)	(8,197)
Effect of movement in exchange rates	94,778	107
Balance at end of the year	\$ 1,161,109	\$ 1,629,797

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17. WARRANT LIABILITY (continued)

Continuity of derivative warrants during the year is as follows:

	Underlying Shares	Weighted Average Exercise Price
Warrants outstanding and exercisable, January 1, 2016	1,033,059	\$2.87
Issued	3,602,215	\$1.99
Warrants outstanding and exercisable, December 31, 2016	4,635,274	\$2.19
Expired	(1,033,059)	\$2.87
Warrants outstanding and exercisable, December 31, 2017	3,602,215	\$1.99

Derivative warrants outstanding and exercisable are as follows:

Expiry Date	Exercise Price per Share	Warrants Outstanding and Exercisable		
		December 31, 2017	December 31, 2016	January 1, 2016
February 25, 2017	\$2.87	-	1,033,059	1,033,059
March 14, 2019	\$1.00	40,000	40,000	-
November 28, 2019	\$2.00	3,562,215	3,562,215	-
		3,602,215	4,635,274	1,033,059

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, 2017	December 31, 2016	January 1, 2016
Weighted average assumptions:			
Risk-free interest rate	1.66%	0.67%	0.48%
Expected dividend yield	0%	0%	0%
Expected option life (years)	1.90	2.29	1.14
Expected stock price volatility	65.69%	72.66%	46.02%
Weighted average fair value	\$0.32	\$0.35	\$0.00

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18. RECLAMATION PROVISION

Management's estimate of the reclamation provision at December 31, 2017, is \$11,638,157 (December 31, 2016 – \$6,962,911, January 1, 2016 – \$4,369,486), and the undiscounted value of the obligation is \$17,529,198 (December 31, 2016 – \$7,634,138, January 1, 2016 – \$4,906,656).

The present value of the obligation in Mexico of \$1,584,420 (December 31, 2016 – \$1,232,626; January 1, 2016 – \$1,509,344) was calculated using a risk-free interest rate of 7.68% (December 31, 2016 – 7.00%; January 1, 2016 – 7.00%) and an inflation rate of 6.77% (December 31, 2016 – 4.25%; January 1, 2016 – 4.25%). Reclamation activities are estimated to begin in 2019 for the San Gonzalo Mine and in 2028 for the Avino Mine.

The present value of the obligation for Bralorne of \$10,053,737 (December 31, 2016 – \$5,730,285; January 1, 2016 – \$2,860,142) was calculated using a weighted average risk-free interest rate of 3.46% (December 31, 2016 – 4.39%; January 1, 2016 – 3.00%) and a weighted average inflation rate of 1.67% (December 31, 2016 – 1.79%; January 1, 2016 – 2.45%). Reclamation activities are estimated to begin in 2021.

A reconciliation of the changes in the reclamation provision during the years ended December 31, 2017 and 2016, is as follows:

	December 31, 2017	December 31, 2016
Balance at beginning of the year	\$ 6,962,911	\$ 4,369,486
Changes in estimates	3,900,447	2,517,928
Unwinding of discount	248,267	214,787
Effect of movements in exchange rates	526,532	(139,290)
Balance at end of the year	\$ 11,638,157	\$ 6,962,911

19. SHARE CAPITAL AND SHARE-BASED PAYMENT

(a) Authorized

Unlimited common shares without par value.

(b) Issued

- (i) During the year ended December 31, 2017, the Company issued shares in an at-the-market offering under prospectus supplements for an aggregate of 10,000 common shares at an average price of \$1.67 for gross proceeds of \$16,737. The Company paid cash commission on the gross proceeds in the amount of \$605.

During the year ended December 31, 2017, the Company issued 20,000 common shares upon the exercise of stock options for gross proceeds of \$24,836.

During the year ended December 31, 2017, the Company issued 257,152 common shares upon the vesting of restricted share units.

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19. SHARE CAPITAL AND SHARE-BASED PAYMENT (continued)

(b) Issued (continued)

- (ii) During the year ended December 31, 2016, the Company closed a bought-deal financing, issuing 7,124,430 units of the Company at the price of \$1.57 per unit for gross proceeds of \$11,185,355. Each unit consisted of one common share and one-half of a share purchase warrant, with each whole warrant exercisable to purchase one additional common share at an exercise price of \$2.00 until expiry on November 28, 2019. The financing was made by way of a prospectus supplement dated November 21, 2016, to the short form base shelf prospectus dated November 10, 2016, for up to \$50,000,000.

Of the \$11,185,355 total aggregate proceeds raised in this financing, the \$1,637,887 estimated fair value of the warrants was attributed to warrant liability (Note 17), and the residual amount of was attributed to common shares. The Company paid a 7% cash commission on the gross proceeds in the amount of \$782,875, and incurred additional legal costs of \$335,134.

During the year ended December 31, 2016, the Company continued to issue shares in an at-the-market offering under prospectus supplements, the latest of which was filed on June 14, 2016, for up to \$15,000,000. The Company sold an aggregate of 6,119,562 common shares at an average price of \$1.85 per common share for gross proceeds of \$11,315,633 during the year ended December 31, 2016. The Company paid a 3% cash commission on the gross proceeds in the amount of \$339,074 and incurred additional accounting, legal and regulatory costs of \$63,687.

During the year ended December 31, 2016, the Company also issued shares in a brokered public offering issued under a separate \$800,000 prospectus supplement filed on March 10, 2016. In connection with this offering, the Company sold an aggregate of 800,000 common shares at a price of \$1.00 per common share for gross proceeds of \$800,000. The Company paid a 7% cash commission on the gross proceeds in the amount of \$56,000, incurred additional accounting, legal and regulatory costs of \$22,509 and issued 40,000 agent's warrants exercisable at \$1.00 until March 14, 2019.

During the year ended December 31, 2016, the Company issued 1,079,000 common shares upon the exercise of stock options for gross proceeds of \$948,690.

- (iii) 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 (as at December 31, 2015) was filed on May 27, 2015, for up to \$6,000,000. The Company sold an aggregate of 1,001,196 common shares at an average price of \$1.21 per common share for gross proceeds of \$1,213,120 during the year ended December 31, 2015. The Company paid a 3% cash commission on the gross proceeds in the amount of \$36,394 and incurred additional accounting, legal and regulatory costs of \$45,959.

During the year ended December 31, 2015, the Company issued 922,000 common shares upon the exercise of stock options for gross proceeds of \$733,412.

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19. SHARE CAPITAL AND SHARE-BASED PAYMENT (continued)*(c) 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% per individual), and to persons providing investor relations or consulting services (up to a limit of 2% per individual), 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.

Continuity of stock options for the years ended December 31, 2017 and 2016, is as follows:

	Underlying Shares	Weighted Average Exercise Price (C\$)
Stock options outstanding and exercisable, January 1, 2016	2,439,500	\$1.52
Granted	802,500	\$2.95
Forfeited	(165,000)	\$1.44
Expired	(19,500)	\$1.02
Exercised	(1,079,000)	\$1.17
Stock options outstanding and exercisable, December 31, 2016	1,978,500	\$2.24
Granted	1,475,000	\$1.98
Forfeited	(122,500)	\$2.54
Exercised	(20,000)	\$1.62
Stock options outstanding and exercisable, December 31, 2017	3,311,000	\$2.12

As at December 31, 2017, the weighted average remaining contractual life of stock options outstanding was 3.32 years (December 31, 2016 – 3.21 years; January 1, 2016 – 2.38 years).

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19. SHARE CAPITAL AND SHARE-BASED PAYMENT (continued)*(c) Stock options (continued):*

Details of stock options outstanding and exercisable are as follows:

Expiry Date	Exercise Price (C\$)	Stock Options Outstanding		
		December 31, 2017	December 31, 2016	January 1, 2016
January 18, 2016	\$1.02	-	-	204,500
September 30, 2016	\$1.02	-	-	645,000
February 18, 2018	\$1.60	147,500	147,500	195,000
September 9, 2018	\$1.62	276,000	296,000	360,000
September 19, 2019	\$1.90	620,000	667,500	855,000
December 22, 2019	\$1.90	105,000	105,000	130,000
September 29, 2020	\$1.32	-	-	50,000
September 2, 2021	\$2.95	687,500	762,500	-
September 20, 2022	\$1.98	1,435,000	-	-
October 6, 2022	\$1.98	40,000	-	-
		3,311,000	1,978,500	2,439,500

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.

The fair value of the options granted during the years ended December 31, 2017, 2016 and 2015 were calculated using the Black-Scholes model with the following weighted average assumptions:

	2017	2016	2015
Weighted average assumptions:			
Risk-free interest rate	1.80%	0.69%	0.78%
Expected dividend yield	0%	0%	0%
Expected option life (years)	5.00	5.00	5.00
Expected stock price volatility	68.23%	65.13%	65.10%
Weighted average fair value at grant date	C\$1.14	C\$1.60	C\$0.65

During the year ended December 31, 2017, the Company charged \$1,177,156 (2016 – \$875,399, 2015 – \$31,926) to operations as share-based payments and capitalized \$127,222 (2016 – \$95,684, 2015 – \$Nil) to exploration and evaluation assets.

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19. SHARE CAPITAL AND SHARE-BASED PAYMENT (continued)*(d) Restricted Share Units:*

On May 27, 2016, the Company's Restricted Share Unit ("RSU") Plan was approved by its shareholders. The RSU Plan is administered by the Compensation Committee under the supervision of the Board of Directors as compensation to officers, directors, consultants, and employees. The Compensation Committee determines the terms and conditions upon which a grant is made, including any performance criteria or vesting period.

Upon vesting, each RSU entitles the participant to receive one common share, provided that the participant is continuously employed with or providing services to the Company. RSUs track the value of the underlying common shares, but do not entitle the recipient to the underlying common shares until such RSUs vest, nor do they entitle a holder to exercise voting rights or any other rights attached to ownership or control of the common shares, until the RSU vests and the RSU participant receives common shares.

During the year ended December 31, 2017, 80,500 RSUs (2016 – 790,000, 2015 – Nil) were granted, vesting one-third annually from the date of the grant until fully vested at the end of the three-year term. The weighted average fair value at the measurement date was C\$1.98 (2016 – C\$2.95, 2015 – Nil), based on the TSX-V market price of the Company's shares on the date the RSUs were granted. At December 31, 2017, 60 RSUs (December 31, 2016 – 83,060, January 1, 2016 – Nil) are available for issuance under the plan.

At December 31, 2017, there were 592,172 RSUs outstanding (December 31, 2016 – 787,500, January 1, 2016 – Nil).

During the year ended December 31, 2017, the Company charged \$841,207 (2016 – \$343,304, 2015 - \$Nil) to operations as share-based payments and capitalized \$116,984 (December 31, 2016 - \$34,641, January 1, 2016 - \$Nil) to exploration and evaluation assets for the fair value of the RSUs issued. The fair value of the RSUs is recognized over the vesting period with reference to vesting conditions and the estimated RSUs expected to vest.

(e) Earnings per share:

The calculations for basic earnings per share and diluted earnings per share are as follows:

	2017	2016	2015
Net income for the year	\$ 2,653,461	\$ 1,503,531	\$ 378,087
Basic weighted average number of shares outstanding	52,523,454	42,695,999	36,229,424
Effect of dilutive share options, warrants, and RSUs	796,555	1,095,452	494,301
Diluted weighted average number of shares outstanding	53,320,009	43,791,451	36,723,725
Basic earnings per share	\$ 0.05	\$ 0.04	\$ 0.01
Diluted earnings per share	\$ 0.05	\$ 0.03	\$ 0.01

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20. REVENUE AND COST OF SALES

Revenue and the related cost of sales reflect the sale of silver, gold, and copper concentrate from the Avino Mine during the year ended December 31, 2017, and nine months ended December 31, 2016, the sale of silver and gold concentrate from the San Gonzalo Mine during the years ended December 31, 2017, 2016, and 2015, and the sale of silver and gold concentrate from the historic Avino stockpiles during the year ended December 31, 2015.

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 inventory sold for the years and consists of the following:

	2017	2016	2015
Production costs	\$ 19,417,844	\$ 17,263,182	\$ 7,538,147
Depreciation and depletion	2,557,286	1,897,618	1,035,053
	<u>\$ 21,975,130</u>	<u>\$ 19,160,800</u>	<u>\$ 8,573,200</u>

21. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses on the consolidated statements of operations consist of the following:

	2017	2016	2015
Salaries and benefits	\$ 1,196,044	\$ 1,159,264	\$ 1,058,543
Management and consulting fees	464,122	924,561	973,499
Office and miscellaneous	443,043	495,465	282,382
Investor relations	365,609	257,973	179,252
Professional fees	323,293	359,053	413,977
Travel and promotion	246,453	171,877	195,605
Directors fees	157,862	166,013	127,874
Regulatory and compliance fees	101,245	242,656	51,907
Depreciation	14,761	12,005	14,201
	<u>\$ 3,312,432</u>	<u>\$ 3,788,867</u>	<u>\$ 3,297,240</u>

22. 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 13(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, 2017	December 31, 2016	January 1, 2016
Not later than one year	\$ 300,285	\$ 1,540,386	\$ 151,057
Later than one year and not later than five years	251,435	556,955	541,360
Later than five years	14,568	19,972	31,757
	<u>\$ 566,288</u>	<u>\$ 2,117,313</u>	<u>\$ 724,174</u>

Office lease payments recognized as an expense during the year ended December 31, 2017, totalled \$81,073 (2016 - \$82,704; 2015 - \$86,975).

AVINO SILVER & GOLD MINES LTD.

Notes to the consolidated financial statements

For the years ended December 31, 2017, 2016, and 2015

(Expressed in US dollars, except where otherwise noted)

23. SUPPLEMENTARY CASH FLOW INFORMATION

	2017	2016	2015
Net change in non-cash working capital items:			
Accounts payable and accrued liabilities	\$ (136,244)	\$ 708,055	\$ (401,754)
Inventory	(2,564,647)	(40,743)	(234,031)
Amounts due to related parties	1,189	42,007	(34,034)
Current taxes recoverable	(2,828,570)	(1,323,465)	(776,231)
Amounts receivable	(1,584,985)	(354,697)	(480,960)
Prepaid expenses and other assets	(1,671,939)	(114,703)	(150,016)
Current taxes payable	(291,907)	(14,524)	(24,247)
	\$ (9,077,103)	\$ (1,098,070)	\$ (2,101,273)
	2017	2016	2015
Interest paid	\$ 444,947	\$ 470,736	\$ 126,449
Taxes paid	\$ 5,764,634	\$ 3,135,626	\$ 4,574,614
Equipment acquired under finance leases and equipment loans	\$ 1,227,901	\$ 3,452,257	\$ 2,289,128

24. FINANCIAL INSTRUMENTS

The fair values of the Company's amounts due to related parties and accounts payable approximate their carrying values because of the short-term nature of these instruments. Cash, amounts receivable, short- and long-term investments, and warrant liability are recorded at fair value. 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.

(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, short-term investments, and amounts receivable.

The Company manages credit risk, in respect of cash and short-term investments, by maintaining the majority of cash and short-term investments 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 three (December 31, 2016 – three, January 1, 2016 - three) counterparties (Note 26). 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, 2017, no amounts were held as collateral.

AVINO SILVER & GOLD MINES LTD.

Notes to the consolidated financial statements

For the years ended December 31, 2017, 2016, and 2015

(Expressed in US dollars, except where otherwise noted)

24. FINANCIAL INSTRUMENTS (continued)*(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 at December 31, 2017, in the amount of \$3,419,532 and working capital of \$16,402,359 in order to meet short-term business requirements. 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, 2017 are summarized as follows:

	Total	Less Than 1 Year	1-5 years	More Than 5 Years
Accounts payable and accrued liabilities	\$ 3,511,720	\$ 3,511,720	\$ -	\$ -
Due to related parties	186,563	186,563	-	-
Minimum rental and lease payments	566,288	300,285	251,435	14,568
Term facility	9,141,679	4,396,312	4,745,367	-
Equipment loans	1,296,044	886,145	409,899	-
Finance lease obligations	2,499,543	1,203,882	1,295,661	-
Total	\$ 17,201,837	\$ 10,484,907	\$ 6,702,362	\$ 14,568

(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 Canadian dollars:

AVINO SILVER & GOLD MINES LTD.

Notes to the consolidated financial statements

For the years ended December 31, 2017, 2016, and 2015

(Expressed in US dollars, except where otherwise noted)

24. FINANCIAL INSTRUMENTS (continued)*(c) Market Risk (continued)*

	December 31, 2017		December 31, 2016	
	MXN	C\$	MXN	C\$
Cash	\$ 9,504,034	\$ 320,751	\$ 15,997,014	\$ 270,562
Long-term investments	-	42,368	-	35,873
Reclamation bonds	-	895,500	-	145,500
Amounts receivable	-	131,961	-	52,779
Accounts payable and accrued liabilities	(27,482,356)	(603,463)	(21,006,749)	(1,249,038)
Due to related parties	-	(224,664)	-	(267,726)
Equipment loans	-	(781,675)	-	(1,423,042)
Finance lease obligations	(750,795)	(1,002,470)	(865,526)	(1,465,333)
Net exposure	(18,729,117)	(1,221,692)	(5,875,261)	(3,900,425)
US dollar equivalent	\$ (949,465)	\$ (973,847)	\$ (284,363)	\$ (2,904,910)

Based on the net US dollar denominated asset and liability exposures as at December 31, 2017, a 10% fluctuation in the US/Mexican and US/Canadian exchange rates would impact the Company's earnings for the year ended December 31, 2017 by approximately \$326,558 (2016 - \$350,284, 2015 - \$35,342). The Company has not entered into any foreign currency contracts to mitigate this risk.

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, 2017, based on outstanding accounts receivable that were subject to pricing adjustments, a 10% change in metals prices would have an impact on net earnings (loss) of approximately \$223,625 (2016 - \$581,031, 2015 - \$376,543).

The Company is exposed to price risk with respect to its long-term 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, 2017, a 10% change in market prices would have an impact on net earnings of approximately \$3,377 (2016 - \$2,672, 2015 - \$2,797).

The Company's profitability and ability to raise capital to fund exploration, evaluation and production activities 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.

AVINO SILVER & GOLD MINES LTD.

Notes to the consolidated financial statements

For the years ended December 31, 2017, 2016, and 2015

(Expressed in US dollars, except where otherwise noted)

24. FINANCIAL INSTRUMENTS (continued)*(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, 2017:

	Level 1	Level 2	Level 3
Financial assets			
Cash	\$ 3,419,532	\$ -	\$ -
Short-term investments	1,000,000	-	-
Amounts receivable	-	4,634,997	-
Long-term investments	33,773	-	-
Financial liabilities			
Warrant liability	-	-	(1,161,109)
	\$ 4,453,305	\$ 4,634,997	\$ (1,161,109)

25. 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 equity (comprising of all issued share capital, equity reserves, retained earnings or accumulated deficit, and other comprehensive income), the term facility, equipment loan obligations, and finance lease, are listed as follows:

	December 31, 2017	December 31, 2016	January 1, 2016
Equity	\$ 68,794,914	\$ 61,456,250	\$ 37,527,964
Term Facility	8,666,667	9,333,334	10,000,000
Finance Lease Obligations	2,349,150	2,811,674	2,977,804
Equipment Loans	1,246,204	2,167,685	689,386
	\$ 81,056,935	\$ 75,768,943	\$ 51,195,154

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. At December 31, 2017, the Company expects its capital resources and projected future cash flows from operations to support its normal operating requirements on an ongoing basis, and planned development and exploration of its mineral properties and other expansionary plans. At December 31, 2017, there was no externally imposed capital requirement to which the Company was subject and with which the Company did not comply.

AVINO SILVER & GOLD MINES LTD.

Notes to the consolidated financial statements

For the years ended December 31, 2017, 2016, and 2015

(Expressed in US dollars, except where otherwise noted)

26. SEGMENTED INFORMATION

The Company's revenues for the year ended December 31, 2017, of \$33,358,641 (2016 - \$30,105,336; 2015 - \$14,924,798) are all attributable to Mexico, from shipments of concentrate produced by the Avino Mine, the San Gonzalo Mine, and the historic Avino stockpiles.

For the years ended December 31, 2017, 2016, and 2015, the Company had revenue from the following product mixes:

	2017	2016	2015
Silver	\$ 20,158,591	\$ 20,979,097	\$ 13,251,865
Gold	8,226,824	6,837,729	4,763,903
Copper	10,131,051	7,000,145	44,308
Penalties, treatment costs and refining charges	(5,157,825)	(4,711,635)	(3,135,278)
Total revenue from mining operations	\$ 33,358,641	\$ 30,105,336	\$ 14,924,798

For each of the years ended December 31, 2017, 2016, and 2015, the Company had three customers that accounted for total revenues as follows:

	2017	2016	2015
Customer #1	\$ 24,845,362	\$ 19,245,936	\$ -
Customer #2	7,451,519	6,318,713	-
Customer #3	1,061,760	4,540,687	6,705,786
Customer #4	-	-	5,619,686
Customer #5	-	-	2,599,326
Total revenue from mining operations	\$ 33,358,641	\$ 30,105,336	\$ 14,924,798

Geographical information relating to the Company's non-current assets (other than financial instruments) is as follows:

	December 31, 2017	December 31, 2016	January 1, 2016
Exploration and evaluation assets - Mexico	\$ 9,034,105	\$ 7,978,841	\$ 15,241,740
Exploration and evaluation assets - Canada	34,303,765	22,812,895	14,654,918
Total exploration and evaluation assets	\$ 43,337,870	\$ 30,791,736	\$ 29,896,658
	December 31, 2017	December 31, 2016	January 1, 2016
Plant, equipment and mining properties - Mexico	\$ 28,627,706	\$ 24,240,545	\$ 17,583,469
Plant, equipment and mining properties - Canada	3,323,899	3,498,202	1,009,763
Total plant, equipment and mining properties	\$ 31,951,605	\$ 27,738,747	\$ 18,593,232

AVINO SILVER & GOLD MINES LTD.

Notes to the consolidated financial statements

For the years ended December 31, 2017, 2016, and 2015

(Expressed in US dollars, except where otherwise noted)

27. INCOME TAXES*(a) Income tax expense*

Income tax expense included in the consolidated statements of operations and comprehensive income (loss) is as follows:

	2017	2016	2015
Current income tax expense	\$ 2,910,904	\$ 3,159,559	\$ 2,806,035
Deferred income tax expense (recovery)	(140,315)	1,005,208	(882,365)
Total income tax expense	\$ 2,770,589	\$ 4,164,767	\$ 1,923,670

The reconciliation of income taxes calculated at the Canadian statutory tax rate to the income tax expense recognized in the year is as follows:

	2017	2016	2015
Net income before income taxes	\$ 5,424,050	\$ 5,668,298	\$ 2,301,757
Combined statutory tax rate	26.00%	26.00%	26.00%
Income tax expense at the Canadian statutory rate	1,410,252	1,473,757	598,457
Reconciling items:			
Effect of difference in foreign tax rates	285,045	306,927	123,437
Non-deductible/non-taxable items	601,485	700,143	14,510
Change in unrecognized deductible temporary differences	1,085,984	1,408,398	(95,120)
Impact of foreign exchange	(491,641)	777,498	801,804
Special mining duties	511,271	780,243	213,889
Expiry of tax losses	-	-	320,133
Impact of change of tax rates	(321,670)	-	-
Revisions to estimates	(248,421)	(1,094,616)	(39,224)
Share issue costs and other items	(61,716)	(187,583)	(14,216)
Income tax expense recognized in the year	\$ 2,770,589	\$ 4,164,767	\$ 1,923,670

The Company recognized a non-cash expense of \$51,312 for the year ended December 31, 2017 (2016 - \$315,912; 2015 - \$360,706) related to the deferred tax impact of the special mining duty. The Canadian income tax rate increased from 26% to 27% effective January 1, 2018, with a statutory impact prior to year-end. The impact of this change has been reflected in the consolidated financial statements.

(b) Deferred income tax assets and liabilities

	December 31, 2017	December 31, 2016	January 1, 2016
Deferred income tax assets	\$ 4,887,594	\$ 2,830,687	\$ 1,323,091
Deferred income tax liabilities	(9,435,594)	(7,519,002)	(4,858,435)
	\$ (4,548,000)	\$ (4,688,315)	\$ (3,535,344)

AVINO SILVER & GOLD MINES LTD.

Notes to the consolidated financial statements

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(Expressed in US dollars, except where otherwise noted)

27. INCOME TAXES (continued)*(b) Deferred income tax assets and liabilities (continued)*

The approximate tax effects of each type of temporary difference that gives rise to potential deferred income tax assets and liabilities are as follows:

	December 31, 2017	December 31, 2016	January 1, 2016
Reclamation provision	\$ 594,158	\$ 502,586	\$ 566,004
Non-capital losses	3,196,459	-	-
Other deductible temporary differences	1,096,977	2,328,101	757,087
Inventory	(229,615)	(100,669)	(132,901)
Exploration and evaluation assets	(6,463,733)	(4,265,292)	(2,519,341)
Plant, equipment and mining properties	(2,742,246)	(3,153,041)	(2,206,193)
Net deferred income tax liabilities	\$ (4,548,000)	\$ (4,688,315)	\$ (3,535,344)

The net deferred tax liability presented in these consolidated financial statements is due to the difference in the carrying amounts and tax bases of the Mexican plant, equipment and mining properties which were acquired in the purchase of Avino Mexico. The carrying values of the Mexican plant, equipment and mining properties 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.

(c) 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:

	December 31, 2017	December 31, 2016	January 1, 2016
Tax losses carried forward	\$ 13,972,696	\$ 17,350,158	\$ 18,964,478
Share issue costs	1,100,308	1,466,423	41,040
Plant, equipment and mining properties	6,198,014	3,872,794	721,282
Exploration and evaluation assets	1,330,085	1,257,512	10,530,316
Investments	197,978	189,056	191,474
Reclamation provision and other	10,053,737	5,602,790	369,329
Unrecognized deductible temporary differences	\$ 32,852,818	\$ 29,738,733	\$ 30,817,919

The Company has capital losses of \$1,173,541 carried forward and \$12,799,155 in non-capital tax losses carried forward available to reduce future Canadian taxable income. The capital losses can be carried forward indefinitely until used. The non-capital losses have an expiry date range of 2022 to 2037. As at December 31, 2017, the Company had no Mexican tax losses available to offset future Mexican taxable income.

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 2, 2018

AVINO SILVER & GOLD MINES LTD.

By: /s/ David Wolfin
David Wolfin, Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 8.1**List of Subsidiaries**

<u>Subsidiary</u>	<u>Ownership Interest</u>	<u>Jurisdiction</u>	<u>Nature of Operations</u>
Oniva Silver and Gold Mines S.A. de C.V.	100%	Mexico	Mexican 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

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 2, 2018

/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 2, 2018

/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, 2017 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 2, 2018

/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, 2017 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 2, 2018

/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 April 2, 2018, 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, 2017 to the Company's Registration Statements on Form S-8 (SEC File No.: 333-195120), Forms F-3 (SEC File Nos.: 333-193471 and 333-195144) and Form F-10 (SEC File No.: 333-214396).

/s/ Manning Elliott LLP

Vancouver, Canada
April 2, 2018

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 April 11, 2017 entitled "Avino Silver & Gold Mines Ltd. Technical Report on the Avino Property, Durango, Mexico dated April 11, 2017" by Tetra Tech Canada Inc. 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, 2017 and incorporated by reference to the Company's Registration Statements on Form S-8 (SEC File No.: 333-195120), Form F-3 (SEC File Nos.: 333-193471 and 333-195144) and Form F-10 (SEC File No.: 333-214396).

Dated: March 30, 2018

TETRA TECH CANADA INC.

/s/ Hassan Ghaffari

Hassan Ghaffari, P.Eng.

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 April 11, 2017 entitled "Avino Silver & Gold Mines Ltd. Technical Report on the Avino Property, Durango, Mexico dated April 11, 2017" by Tetra Tech Canada Inc. 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, 2017 and incorporated by reference to the Company's Registration Statements on Form S-8 (SEC File No.: 333-195120), Form F-3 (SEC File Nos.: 333-193471 and 333-195144) and Form F-10 (SEC File No.: 333-214396).

Dated: March 30, 2018

QG AUSTRALIA (PTY) LTD

/s/ Michael O'Brien

Michael O'Brien, P. Geo

CONSENT OF EXPERT

We hereby consent to the use of our name contained in the technical report on the Property in the Bralorne of British Columbia, Canada dated October 20, 2016 entitled "Bralorne Gold Mine, British Columbia Canada" by Kirkham Geosystems Ltd. and Jasman Yee, P. Eng. 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, 2017 and incorporated by reference to the Company's Registration Statements on Form S-8 (SEC File No.: 333-195120), Form F-3 (SEC File Nos.: 333-193471 and 333-195144) and Form F-10 (SEC File No.: 333-214396).

Dated: March 30, 2018

KIRKHAM GEOSYSTEMS LTD.

/s/ Garth Kirkham

Garth Kirkham, P. Geo

CONSENT OF EXPERT

We hereby consent to the use of our name contained in the technical report on the Bralorne Project, BC, Canada with an effective date of October 20, 2016, 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, 2017 and incorporated by reference to the Company's Registration Statements on Form S-8 (SEC File No.: 333-195120), Form F-3 (SEC File Nos.: 333-193471 and 333-195144) and Form F-10 (SEC File No.: 333-214396).

Dated: March 30, 2018

/s/ Jasman Yee

Jasman Yee, P. Eng.