AVINO SILVER & GOLD MINES LTD.

Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2023 and 2022

(Unaudited)

(Expressed in thousands of US dollars - Unaudited)

	Note		June 30, 2023 (unaudited)		December 31, 2022
ASSETS					
Current assets					
Cash		$	1,207	$	11,245
Amounts receivable			849		2,672
Taxes recoverable	**5**		5,440		3,737
Prepaid expenses and other assets			2,230		1,671
Inventory	**6**		8,743		6,260
Total current assets			18,469		25,585
Exploration and evaluation assets	**8**		50,304		49,804
Plant, equipment and mining properties	**10**		50,482		44,056
Long-term investments	**7**		1,210		1,746
Other assets			4		5
Total assets		$	120,469	$	121,196
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities		$	11,900	$	9,469
Amounts due to related parties	**11(b)**		35		28
Taxes payable			59		895
Note payable	**12**		-		4,926
Warrant liability			20		475
Current portion of finance lease obligations			1,707		971
Current portion of equipment loans			165		-
Total current liabilities			13,886		16,764
Finance lease obligations			1,737		745
Equipment loans			275		-
Reclamation provision	**14**		546		445
Deferred income tax liabilities			4,248		5,221
Total liabilities			20,692		23,175
EQUITY					
Share capital	**15**		146,395		145,515
Equity reserves			10,522		9,852
Treasury shares			(97)		(97)
Accumulated other comprehensive loss			(5,799)		(5,223)
Accumulated deficit			(51,244)		(52,026)
Total equity			99,777		98,021
Total liabilities and equity		$	120,469	$	121,196

Commitments – Note 18

Approved by the Board of Directors on August 9, 2023:

Peter Bojtos Director *David Wolfin* Director

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

AVINO SILVER & GOLD MINES LTD.
Condensed Consolidated Interim Statements of Operations and Comprehensive Income (Loss)
(Expressed in thousands of US dollars - Unaudited)

		Three months ended June 30,		Six months ended June 30,	
	Note	**2023**	**2022**	**2023**	**2022**
Revenue from mining operations	**16**	$ 9,218	$ 9,370	$ 19,043	$ 20,420
Cost of sales	**16**	8,175	5,468	16,149	11,774
Mine operating income		1,043	3,902	2,894	8,646
Operating expenses					
General and administrative expenses	**17**	1,535	1,356	2,719	2,472
Share-based payments	**15**	843	862	1,182	1,062
Income (loss) before other items		(1,335)	1,684	(1,007)	5,112
Other items					
Interest and other income		20	59	229	52
Loss on long-term investments	**7**	(285)	(596)	(604)	(1,282)
Fair value adjustment on warrant liability	**13**	751	2,373	458	2,606
Unrealized foreign exchange gain (loss)		552	123	416	(482)
Project evaluation expenses		-	6	-	(75)
Finance cost		(3)	(88)	(77)	(101)
Accretion of reclamation provision	**14**	(12)	(11)	(23)	(21)
Interest expense		(72)	(22)	(117)	(43)
Income (loss) before income taxes		(384)	3,528	(725)	5,766
Income taxes:					
Current income tax recovery (expense)		559	(360)	534	(500)
Deferred income tax recovery (expense)		959	(885)	973	(2,337)
Income tax recovery (expense)		1,518	(1,245)	1,507	(2,837)
Net income (loss)		1,134	2,283	782	2,929
Other comprehensive income (loss)					
Currency translation differences		(313)	(119)	(576)	238
Total comprehensive income (loss)		$ 821	$ 2,164	$ 206	$ 3,167
Income (loss) per share	**15(e)**				
Basic		$0.01	$0.02	$0.01	$0.03
Diluted		$0.01	$0.02	$0.01	$0.03
Weighted average number of common shares outstanding	**15(e)**				
Basic		119,195,457	117,129,947	118,887,538	110,548,661
Diluted		123,214,209	120,386,601	122,907,727	113,814,123

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

AVINO SILVER & GOLD MINES LTD.
Condensed Consolidated Interim Statements of Changes in Equity
(Expressed in thousands of US dollars - Unaudited)

	Note	Number of Common Shares	Share Capital Amount	Equity Reserves	Treasury Shares	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Equity
Balance, January 1, 2022		**102,243,211**	**$ 129,953**	**$ 9,573**	**$ (97)**	**$ (4,969)**	**$ (55,953)**	**$ 78,507**
Common shares issued for acquisition of La Preciosa		15,075,000	14,630	-	-	-	-	14,630
At the market issuances		-	-	-	-	-	-	-
Exercise of warrants		-	-	-	-	-	-	-
Exercise of options		48,000	46	(15)	-	-	-	31
Issuance costs		-	(13)	-	-	-	-	(13)
Share-based payments		-	-	1,062	-	-	-	1,062
Net income for the period		-	-	-	-	-	2,929	2,929
Currency translation differences		-	-	-	-	238	-	238
Balance, June 30, 2022		**117,366,211**	**$ 144,616**	**$ 10,620**	**$ (97)**	**$ (4,731)**	**$ (53,024)**	**$ 97,384**
Balance, January 1, 2023		**118,349,090**	**$ 145,515**	**$ 9,852**	**$ (97)**	**$ (5,223)**	**$ (52,026)**	**$ 98,021**
Common shares issued:								
At the market issuances	**15**	837,700	586	-	-	-	-	586
Carrying value of RSUs exercised	**15**	592,667	512	(512)	-	-	-	-
Issuance costs	**15**	-	(218)	-	-	-	-	(218)
Share-based payments	**15**	-	-	1,182	-	-	-	1,182
Net income for the period	**15**	-	-	-	-	-	782	782
Currency translation differences		-	-	-	-	(576)	-	(576)
Balance, June 30, 2023		**119,779,457**	**$ 146,395**	**$ 10,522**	**$ (97)**	**$ (5,799)**	**$ (51,244)**	**$ 99,777**

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

(Expressed in thousands of US dollars - Unaudited)

	Note	Six months ended June 30, 2023	2022
Cash generated by (used in):			
Operating Activities			
Net income		$ 782	$ 2,929
Adjustments for non-cash items:			
Deferred income tax expense (recovery)		(973)	2,337
Depreciation and depletion		1,419	1,007
Accretion of reclamation provision	**14**	23	21
Loss on investments	**7**	604	1,282
Unrealized foreign exchange (gain) loss		(499)	32
Unwinding of fair value adjustment	**12**	74	92
Fair value adjustment on warrant liability	**13**	(458)	(2,606)
Write down of equipment and materials and supplies inventory		91	-
Share-based payments		1,182	1,062
		2,245	6,156
Net change in non-cash working capital items	**19**	(1,295)	990
Cash provided by operating activities		950	7,146
Financing Activities			
Shares and units issued for cash, net of issuance costs		368	30
Lease liability payments		(634)	(674)
Equipment loan payments		(142)	-
Cash provided by (used in) financing activities		(408)	(644)
Investing Activities			
Exploration and evaluation expenditures		(663)	(597)
Additions to plant, equipment and mining properties		(4,920)	(2,824)
Acquisition of La Preciosa	**4**	(5,000)	(15,289)
Cash provided by (used in) investing activities		(10,583)	(18,710)
Change in cash		(10,041)	(12,208)
Effect of exchange rate changes on cash		3	234
Cash, beginning		11,245	24,765
Cash, ending		$ 1,207	$ 12,791

Supplementary Cash Flow Information (Note 19)

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

1. NATURE OF OPERATIONS

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

The Company's head office and principal place of business is Suite 900, 570 Granville Street, Vancouver, BC, Canada. The Company is a reporting issuer in Canada and the United States, and trades on the Toronto Stock Exchange ("TSX"), the NYSE American, and the Frankfurt and Berlin Stock Exchanges.

The Company operates the Avino Mine which produces copper, silver and gold at the historic Avino property in the state of Durango, Mexico. The Company also owns interests in mineral properties located in British Columbia and Yukon, Canada.

2. BASIS OF PRESENTATION

Statement of Compliance

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 – Interim Financial Reporting under International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). These unaudited condensed consolidated interim financial statements follow the same accounting policies and methods of application as the most recent annual audited consolidated financial statements of the Company. These unaudited condensed consolidated interim financial statements do not contain all of the information required for full annual consolidated financial statements. Accordingly, these unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's December 31, 2022, annual consolidated financial statements, which were prepared in accordance with IFRS as issued by the IASB.

These unaudited condensed consolidated interim financial statements are expressed in US dollars and have been prepared on a historical cost basis except for financial instruments that have been measured at fair value. In addition, these unaudited condensed consolidated interim financial statements have been prepared using the accrual basis of accounting on a going concern basis.

Critical 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 unaudited condensed consolidated interim 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.

The critical judgments and estimates applied in the preparation of the Company's unaudited condensed consolidated interim financial statements for the six months ended June 30, 2023, are consistent with those applied and disclosed in Note 2 to the Company's audited consolidated financial statements for the year ended December 31, 2022.

(Expressed in thousands of US dollars, except where otherwise noted - Unaudited)

Basis of Consolidation

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

Subsidiary	Ownership Interest	Jurisdiction	Nature of Operations
Oniva Silver and Gold Mines S.A. de C.V.	100%	Mexico	Mexican operations and administration
Nueva Vizcaya Mining, 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
La Luna Silver & Gold Mines Ltd.	100%	Canada	Holding company
La Preciosa Silver & Gold Mines Ltd.	100%	Canada	Holding company
Proyectos Mineros La Preciosa S.A. de C.V.	100%	Mexico	Mining and exploration
Cervantes LLP	100%	U.S.	Holding company

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

3. RECENT ACCOUNTING PRONOUNCEMENTS

New and amended IFRS that are effective for the current year:

In the current year, the Company has applied the below amendments to IFRS Standards and Interpretations issued by the IASB that were effective for annual periods that begin on or after January 1, 2023. These standards did not have a material impact on the Company's disclosures or on the amounts in the current reporting periods.

<u>Amendments to IAS 1 – *Presentation of Financial Statements* and IFRS Practice Statement 2 *Making Material Judgments – Disclosure of Accounting Policies*</u>

The amendments change the requirements in IAS 1 with regards to disclosure of accounting policies. The amendments replace all instances of the term "significant accounting policies" with "material accounting policy information." Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonable by expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events, or conditions, is immaterial and not required to be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events, or conditions, even of the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events, or conditions, is itself material. The IASB has also developed guidance and examples to explain and demonstrate the application of the “four-step materiality process” described in IFRS Practice Statement 2.

The amendments were applied effective January 1, 2023, and did not have a material impact on the Company’s interim consolidated financial statements.

Amendments to IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty.”

The definition of a change in accounting estimates was deleted; however, the IASB retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not a correct of an error
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors

The amendments were applied effective January 1, 2023, and did not have a material impact on the Company’s interim consolidated financial statements.

Amendments to IAS 12 – *Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction*

The amendments clarify that companies are required to recognize deferred taxes on transactions where both assets and liabilities are recognized, such as with leases and decommissioning liabilities. The amendments were applied effective January 1, 2023, and did not have a material impact on the Company’s interim consolidated financial statements.

Future Changes in Accounting Policies Not Yet Effective as at June 30, 2023:

Certain new accounting standards and interpretations have been published that are not mandatory for the current period and have not been early adopted. These standards are not expected to have a material impact on the Company in the current or future reporting periods.

Amendments to IAS 1 – C*lassification of Liabilities as Current or Non-Current with Covenants*

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

In addition, the amendment requires entities to disclose information to enable users of the financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months. The amendments are applied on or after the first annual reporting period beginning on or after January 1, 2024, with early application permitted. The amendment is not expected to have a material impact on the Company’s consolidated financial statements.

Amendments to IFRS 16 – *Lease Liability in a Sale and Leaseback*

The amendments require a seller/lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller/lessee from recognizing in profit or loss any gain or loss relating to the partial or full termination of a lease. A seller-lessee applies the amendments retrospectively in accordance with IAS 8 *Accounting Policies, Change in Accounting Estimates and Errors* to sale or leaseback transactions entered into after the date of initial application.

The amendments are applied on or after the first annual reporting period beginning on or after January 1, 2024, with early application permitted. The amendment is not expected to have a material impact on the Company's consolidated financial statements.

4. ACQUISITION OF LA PRECIOSA

On March 21, 2022, the Company closed the acquisition with Coeur Mining Inc. ("Coeur") of all of the issued and outstanding shares of Proyectos Mineros La Preciosa S.A de C.V, a Mexican corporation, and Cervantes LLC, a Delaware LLC, that together hold the La Preciosa property in Mexico ("La Preciosa").

Total consideration paid to Coeur was comprised of:

a) Cash consideration of $15.3 million paid;
b) A promissory note for $5 million in favour of Coeur, payable without interest on or before March 21, 2023 (paid prior to March 21, 2023);
c) 14,000,000 common shares of Avino, with a value of $13.65 million on issuance;
d) 7,000,000 share purchase warrants with a total value at $2.24 million exercisable at $1.09 per share until September 21, 2023, representing a 25% premium to Avino's 20-day volume weighted average trading price as of October 26, 2021;

Additionally, Avino issued the following consideration for which payment is contingent on a future event and due to acquisition date uncertainty these are valued at Nil. A liability for these contingent payments will be recognized when related activity and events occur.

e) An additional cash payment of $8.75 million, to be paid no later than 12 months after initial production at La Preciosa, up to one-half of which may be paid in common shares of Avino (provided Coeur's total shareholdings cannot exceed 19.9% of the Company's total issued and outstanding shares);
f) A 1.25% net smelter returns royalty on the Gloria and Abundancia areas of La Preciosa, and a 2.00% gross value royalty on all other areas of La Preciosa; and
g) A payment of $0.25 per silver equivalent ounce (subject to inflationary adjustment) of new mineral reserves (as defined by NI 43-101) discovered and declared outside of the current mineral resource area at La Preciosa, subject to a cap of $50 million, and any such payments will be credited against any existing or future payments owing on the gross value royalty.

The transaction has been accounted for as an asset acquisition as La Preciosa is in the exploration and evaluation stage and had not demonstrated technical feasibility, commercial viability, or the ability to provide economic benefits. La Preciosa did not have the workforce, resources and/or reserves, mine plan, or financial resources to the meet the definition of a business for accounting purposes.

(Expressed in thousands of US dollars, except where otherwise noted - Unaudited)

The purchase consideration has been assigned based on the relative fair values of the assets acquired and liabilities assumed and is summarized as follows:

Cash paid	$	15,301
Note payable		4,665
Common shares		14,630
Share purchase warrants		2,240
Total purchase consideration		36,836
Transaction costs		270
Total acquisition cost	$	37,106
Cash	$	168
Other current assets		1,121
Plant and equipment		1,621
Exploration and evaluation assets		34,524
Accounts payable		(328)
Net assets acquired	$	37,106

5. TAXES RECOVERABLE

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

		June 30, 2023		December 31, 2022
VAT recoverable	$	2,165	$	1,385
GST recoverable		37		25
Income taxes recoverable		3,238		2,327
	$	5,440	$	3,737

6. INVENTORY

		June 30, 2023		December 31, 2022
Process material stockpiles	$	2,263	$	2,788
Concentrate inventory		4,193		1,617
Materials and supplies		2,287		1,855
	$	8,743	$	6,260

The amount of inventory recognized as an expense for the three and six months ended June 30, 2023 totalled $8,175 and $16,149 (three and six months ended June 30, 2022 – $5,468 and $11,774). See Note 16 for further details. During the six months ended June 30, 2023, the Company wrote down $82 of materials and supplies inventory.

(Expressed in thousands of US dollars, except where otherwise noted - Unaudited)

7. LONG-TERM INVESTMENTS

The Company classifies its long-term investments as designated at fair value through profit and loss under IFRS 9. Long-term investments are summarized as follows:

	Fair Value December 31, 2022	Net Additions	Movements in foreign exchange	Fair value adjustments for the period	Fair Value June 30, 2023
Talisker Resources Common Shares	$ 1,640	$ -	$ 28	$ (589)	$ 1,079
Silver Wolf Exploration Ltd. Common Shares	51	36	2	-	89
Endurance Gold Corp. Common Shares	55	-	2	(15)	42
	$ 1,746	$ 36	$ 32	$ (604)	$ 1,210

Silver Wolf Exploration Ltd.

During the six months ended June 30, 2023, the Company received 500,000 common shares as part of the terms in the Option Agreement with Silver Wolf Exploration Ltd. Upon acquisition, the fair value of these common shares were recorded as “Option Income” as a credit to exploration and evaluation assets (see Note 8). Any subsequent revaluation under IFRS 9 at fair value through profit and loss will be recorded as a gain or loss on long-term investments.

See Note 8 for full details of the Option Agreement.

(Expressed in thousands of US dollars, except where otherwise noted - Unaudited)

8. EXPLORATION AND EVALUATION ASSETS

The Company has accumulated the following acquisition, exploration and evaluation costs which are not subject to depletion:

	Avino, Mexico	La Preciosa, Mexico	British Columbia & Yukon, Canada	Total
Balance, January 1, 2022	$ 11,052	$ -	$ 1	$ 11,053
Costs incurred during 2022:				
Acquisition costs – Note 4	-	37,618		37,618
Drilling and exploration	719	296	-	1,015
Assessments and taxes	94	61	-	155
Effect of movements in exchange rates	(30)	-	-	(30)
Option income	(7)	-	-	(7)
Balance, December 31, 2022	$ 11,828	$ 37,975	$ 1	$ 49,804
Costs incurred during 2023:				
Drilling and exploration	336	590	-	926
Assessments and taxes	56	(319)	-	(263)
Effect of movements in exchange rates	9	(109)	-	(100)
Option income	(63)	-	-	(63)
Balance, June 30, 2023	$ 12,166	$ 38,137	$ 1	$ 50,304

(a) Avino, Mexico

Option Agreement – Silver Wolf Exploration Ltd. (formerly Gray Rock Resources Ltd.) ("Silver Wolf")

On March 11, 2021, the Company was informed that Silver Wolf received TSX Venture Exchange approval on the previously-announced entrance into an option agreement to grant Silver Wolf the exclusive right to acquire a 100% interest in the Ana Maria and El Laberinto properties in Mexico (the "Option Agreement"). In exchange, Avino received Silver Wolf share purchase warrants to acquire 300,000 common shares of Silver Wolf at an exercise price of C$0.20 per share for a period of 36 months from the date of the TSX Venture Exchange's final acceptance of the Option Agreement (the "Approval Date"). In order to exercise the option, Silver Wolf will:

1. Issue to Avino a total of C$600 in cash or common shares of Silver Wolf as follows:

   a. C$50 in common shares of Silver Wolf within 30 days of March 8, 2021 (received on March 26, 2021 – see Note 7 for details);
   b. A further C$50 in cash or shares of Silver Wolf at Avino's discretion on or before March 8, 2022 (received on March 30, 2022 – See Note 7 for details);
   c. A further C$100 in cash or shares of Silver Wolf at Avino's discretion on or before March 8, 2023 (received on March 13, 2023 – See Note 7 for details);
   d. A further C$200 in cash or shares of Silver Wolf at Avino's discretion on or before March 8, 2024; and
   e. A further C$200 in cash or shares of Silver Wolf at Avino's discretion on or before March 8, 2025; and

2. Incur a total of C$750 in exploration expenditures on the properties, as follows:

   a. C$50 on or before March 8, 2022;
   b. A further C$100 on or before March 8, 2023; and

c. A further C$600 on or before March 8, 2025.

All exploration expenditure requirements on the properties have been met as of June 30, 2023

Under the Option Agreement, all share issuances will be based on the average volume weighted trading price of Silver Wolf's shares on the TSX Venture Exchange for the ten (10) trading days immediately preceding the date of issuance of the shares, and the shares will be subject to resale restrictions under applicable securities legislation for 4 months and a day from their date of issue.

The Option Agreement between the Company and Silver Wolf is considered a related party transaction as the two companies have directors in common.

Unification La Platosa properties

The Unification La Platosa properties, consisting of three leased concessions in addition to the leased concessions 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 July 1, 2015.

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 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.

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.

(b) La Preciosa, Mexico

On March 21, 2022, the Company received approval for the closing of the acquisition of the La Preciosa property from Coeur Mining Inc. ("Coeur"). See Note 4 for further details

(c) British Columbia & Yukon, Canada

Eagle Property - Yukon

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 six months ended June 30, 2023, the Company sold to a subsidiary of Hecla Mining Company ("Hecla") the Eagle Property for cash consideration of C$250.

Minto and Olympic-Kelvin properties – British Columbia

On May 2, 2022, the Company has granted Endurance Gold Corporation the right to acquire an option to earn 100% ownership of the former Minto Gold Mine, Olympic and Kelvin gold prospects contained within a parcel of crown grant and mineral claims (the “Olympic Claims”).

Under the terms of the letter agreement, Endurance can earn a 100% interest in the Olympic Claims if they pay Avino a total cash consideration in the aggregate amount of C$100, issue up to a total of 1,500,000 common shares (“Shares”) of Endurance and incur exploration expenditures in the aggregate amount of C$300; all of which is to be incurred by December 31, 2024. In the event that Endurance earns the 100% interest, the Olympic Claims will be subject to a 2% net smelter return royalty (“NSR”), of which 1% NSR can be purchased by the Endurance for C$750 and the remaining balance of the NSR can be purchased for C$1,000.

As part of the final requirement to earn its interest, Endurance agreed to grant to Avino 750,000 share purchase warrants (“Warrants”) by December 31, 2024, that offer Avino the option to purchase additional shares in the Company for a period of three years from the date of issuance. The exercise price of the Warrants will be set at a 25% premium to the 20-day VWAP share price at the issuance date. During the Option period, if Endurance is successful in defining a compliant mineral resource of at least 500,000 gold-equivalent ounces on the Olympic Claims then Endurance will be obliged to pay Avino a C$1,000 discovery bonus.

The Option agreement is subject to the TSX Venture Exchange acceptance, and any Shares or Warrants to be issued will be subject to a four-month hold period on issuance as per the policies of the TSX Venture Exchange.

During the year ended December 31, 2022, Endurance granted 200,000 common shares and paid C$25 as per the terms of the agreement, which required payment upon signing of a letter agreement between the two parties. As of June 30, 2023, Endurance was in compliance with all terms of the Option agreement, and there were no requirements during the six months ended June 30, 2023.

9. NON-CONTROLLING INTEREST

At June 30, 2023, the Company had an effective 99.67% (December 31, 2022 - 99.67%) interest in its subsidiary Avino Mexico and the remaining 0.33% (December 31, 2022 - 0.33%) interest represents a non-controlling interest. The accumulated deficit and current period income attributable to the non-controlling interest are insignificant and accordingly have not been recognized in the unaudited condensed consolidated interim financial statements.

(Expressed in thousands of US dollars, except where otherwise noted - Unaudited)

10.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 and construction in process	Total
	$	$	$	$	$	$	$
COST							
Balance at January 1, 2022	13,038	595	335	14,240	18,613	11,778	58,599
Additions / Transfers	1,649	185	441	2,383	4,781	2,907	12,346
Writedowns	-	-	-	(1,692)	(100)	-	(1,792)
Effect of movements in exchange rates	-	(17)	(2)	(1)	-	8	(12)
Balance at December 31, 2022	14,687	763	774	14,930	23,294	14,693	69,141
Additions / Transfers	1,355	73	671	3,170	2,208	375	7,852
Writedowns	-	(3)	(21)	(58)	-	-	(82)
Effect of movements in exchange rates	(15)	5	1	-	-	(1)	(10)
Balance at June 30, 2023	16,027	838	1,425	18,042	25,502	15,067	76,901
ACCUMULATED DEPLETION AND DEPRECIATION							
Balance at January 1, 2022	8,856	294	267	4,944	6,667	1,896	22,924
Additions / Transfers	250	147	331	1,616	146	1,133	3,623
Writedowns	-	-	-	(1,382)	(80)	-	(1,462)
Balance at December 31, 2022	9,106	441	598	5,178	6,733	3,029	25,085
Additions / Transfers	173	60	69	98	872	135	1,407
Writedowns	-	(2)	(20)	(51)	-	-	(73)
Balance at June 30, 2023	9,279	499	647	5,225	7,605	3,164	26,419
NET BOOK VALUE							
At June 30, 2023	**6,748**	**339**	**778**	**12,817**	**17,897**	**11,903**	**50,482**
At December 31, 2022	5,581	322	176	9,752	16,561	11,664	44,056
At January 31, 2022	4,182	301	68	9,296	11,946	9,882	35,675

(Expressed in thousands of US dollars, except where otherwise noted)

Included in Buildings and construction in process above are assets under construction of $3,610 as at June 30, 2023 (December 31, 2022 - $3,817) on which no depreciation was charged in the periods then ended. Once the assets are available for use, they will be transferred to the appropriate class of plant, equipment and mining properties.

As at June 30, 2023, plant, equipment and mining properties included a net carrying amount of $5,579 (December 31, 2022 - $2,417) for mining equipment and right of use assets under lease.

11. 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 three and six months ended June 30, 2023 and 2022 is as follows:

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Salaries, benefits, and consulting fees	$ 296	$ 299	$ 580	$ 738
Share-based payments	649	667	970	824
	$ 945	$ 966	$ 1,550	$ 1,562

(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.

The following table summarizes the amounts were due to/(from) related parties:

	June 30, 2023	December 31, 2022
Oniva International Services Corp.	$ 102	$ 100
Silver Wolf Exploration Ltd.	(114)	(72)
Directors	47	-
	$ 35	$ 28

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, the Company's President and CEO and also a director, for consulting services. For the six months ended June 30, 2023, the Company paid $143 (June 30, 2022 - $197) to ICC.

(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, with a 2.5% markup. David Wolfin, President & CEO, and a director of the Company, is the sole owner of Oniva. The cost sharing agreement may be terminated with one-month notice by either party without penalty. During the three and six months ended June 30, 2023, administrative fees of $12 and $25 were paid to Oniva (three and six months ended June 30, 2022 - $11 and $20)

(Expressed in thousands of US dollars, except where otherwise noted)

The transactions with Oniva during the three and six months ended June 30, 2023 and 2022, are summarized below:

	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Salaries and benefits	$ 244	$ 232	$ 489	$ 452
Office and miscellaneous	124	109	257	206
	$ 368	$ 341	$ 746	$ 658

12. NOTE PAYABLE

On March 21, 2022, the Company closed the acquisition of the La Preciosa property from Coeur Mining Inc. (see Note 4 for further details). As part of the agreement, the Company issued a promissory note payable of $5 million due on or before March 21, 2023. The present value of the note payable was calculated using a discount interest rate of 6.71%.

Prior to March 21, 2023, the Company repaid the promissory note payable in full.

The continuity of the note payable is as follows:

	June 30, 2023	December 31, 2022
Balance at beginning of the period	$ 4,926	$ -
Additions	-	4,665
Repayments	(5,000)	-
Unwinding of fair value adjustment	74	261
Balance at end of the period	-	4,926
Less: Current portion	-	(4,926)
Non-current portion	$ -	$ -

(Expressed in thousands of US dollars, except where otherwise noted)

13. 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. Changes in respect of the Company's warrant liability are as follows:

		June 30, 2023		December 31, 2022
Balance at beginning of the period	$	475	$	741
Warrants issued		-		2,240
Fair value adjustment		(458)		(2,935)
Effect of movement in exchange rates		3		(111)
Balance at end of the period	$	20	$	475

Continuity of warrants during the periods is as follows:

	Underlying Shares	Weighted Average Exercise Price
Warrants outstanding and exercisable, January 1, 2022	1,950,412	$0.80
Granted	7,000,000	$1.09
Warrants outstanding and exercisable, December 31, 2022	8,950,412	$1.03
Issued	-	-
Warrants outstanding and exercisable, June 30, 2023	8,950,412	$1.03

		All Warrants Outstanding and Exercisable	
Expiry Date	Exercise Price per Share	June 30, 2023	December 31, 2022
September 21, 2023	$1.09	7,000,000	7,000,000
September 25, 2023	$0.80	1,950,412	1,950,412
		8,950,412	8,950,412

As at June 30, 2023, the weighted average remaining contractual life of warrants outstanding was 0.23 years (December 31, 2022 – 0.73 years).

Valuation of the warrant liability requires the use of 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:

	June 30, 2023	December 31, 2022
Weighted average assumptions:		
Risk-free interest rate	4.90%	4.07%
Expected dividend yield	0%	0%
Expected warrant life (years)	0.23	0.73
Expected stock price volatility	41.71%	56.80%
Weighted average fair value	$0.002	$0.05

(Expressed in thousands of US dollars, except where otherwise noted)

14. RECLAMATION PROVISION

Management's estimate of the reclamation provision at June 30, 2023, is $546 (December 31, 2022 – $445), and the undiscounted value of the obligation is $1,686 (December 31, 2022 – $1,454).

The present value of the obligation was calculated using a risk-free interest rate of 9.38% (December 31, 2022 – 9.65%) and an inflation rate of 4.00% (December 31, 2022 – 7.82%). Reclamation activities are estimated to begin in 2025 for the San Gonzalo Mine and in 2041 for the Avino Mine.

A reconciliation of the changes in the Company's reclamation provision is as follows:

		June 30, 2023		December 31, 2022
Balance at beginning of the period	$	445	$	726
Changes in estimates		-		(364)
Unwinding of discount related to continuing operations		23		44
Effect of movements in exchange rates		78		39
Balance at end of the period	$	546	$	445

15. SHARE CAPITAL AND SHARE-BASED PAYMENTS

(a) Authorized: Unlimited common shares without par value

(b) Issued:

(i) During the six months ended June 30, 2023, the Company issued 837,700 common shares in an at-the-market offering under prospectus supplement for gross proceeds of $587. The Company paid a 2.75% cash commission of $16 on gross proceeds, for net proceeds of $571. The Company also incurred $202 in share issuance costs related to its base shelf prospectus and prospectus supplement filings.

During the six months ended June 30, 2023, the Company issued 592,667 common shares upon exercise of RSUs. As a result, $512 was recorded to share capital.

(ii) During the year ended December 31, 2022, the Company issued 14,000,000 common shares as part of the acquisition of La Preciosa from Coeur Mining Inc.. As a result, $13,650 was recorded to share capital, and exploration and evaluation assets as acquisition costs, representing the closing price on the Toronto Stock Exchange on March 21, 2022, the date of the issuance and closing.

The Company further issued 1,075,000 common shares as payment for services provided during the acquisition, and as a result $980 was recorded to share capital and exploration and evaluation assets as acquisition costs.

During the year ended December 31, 2022, the Company issued 48,000 common shares following the exercise of 48,000 options. As a result, $46 was recorded to share capital, representing cash proceeds of $31 and the fair value upon issuance of $15.

During the year ended December 31, 2022, the Company issued 982,879 common shares upon exercise of RSUs. As a result, $899 was recorded to share capital.

(Expressed in thousands of US dollars, except where otherwise noted)

(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, and to persons providing investor relations or consulting services, 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 ten years from the grant date.

Continuity of stock options is as follows:

	Underlying Shares	Weighted Average Exercise Price (C$)
Stock options outstanding, January 1, 2022	2,839,000	$1.68
Granted	2,390,000	$1.20
Exercised	(48,000)	$0.79
Expired	(880,000)	$1.98
Cancelled / Forfeited	(45,000)	$1.40
Stock options outstanding, December 31, 2022	4,256,000	$1.36
Granted	2,395,000	$1.12
Stock options outstanding, June 30, 2023	6,651,000	$1.27
Stock options exercisable, June 30, 2023	4,854,750	$1.33

The following table summarizes information about the stock options outstanding and exercisable at June 30, 2023:

		Outstanding		Exercisable	
Expiry Date	Price (C$)	Number of Options	Weighted Average Remaining Contractual Life (Years)	Number of Options	Weighted Average Remaining Contractual Life (Years)
August 28, 2023	$1.30	105,000	0.16	105,000	0.16
August 21, 2024	$0.79	126,000	1.14	126,000	1.14
August 4, 2025	$1.64	1,660,000	2.10	1,660,000	2.10
March 25, 2027	$1.20	2,340,000	3.74	2,340,000	3.74
May 4, 2027	$0.92	25,000	3.85	25,000	3.85
March 29, 2028	$1.12	2,395,000	4.74	598,750	4.74
		6,651,000	3.59	4,854,750	3.16

Valuation of stock options requires the use of 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 stock options was calculated using the Black-Scholes model with the following weighted average assumptions and resulting fair values:

(Expressed in thousands of US dollars, except where otherwise noted)

	June 30, 2023	December 31, 2022
Weighted average assumptions:		
Risk-free interest rate	2.49%	2.49%
Expected dividend yield	0.00%	0.0%
Expected warrant life (years)	5.00	5.00
Expected stock price volatility	59.98%	59.98%
Expected forfeiture rate	20%	20%
Weighted average fair value	$0.63	$0.63

During the six months ended June 30, 2023, the Company charged $524 (six months ended June 30, 2022 - $504) to operations as share-based payments for the fair value of stock options granted.

(d) *Restricted Share Units:*

On April 19, 2018, 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.

Continuity of RSUs is as follows:

	Underlying Shares	Weighted Average Price (C$)
RSUs outstanding, January 1, 2022	1,439,477	$1.32
Granted	1,799,000	$1.19
Exercised	(982,879)	$1.18
Cancelled / Forfeited	(64,932)	$1.40
RSUs outstanding, December 31, 2022	2,190,666	$1.27
Granted	1,809,000	$1.12
Exercised	(592,667)	$1.19
Cancelled / Forfeited	(15,333)	$1.14
RSUs outstanding, June 30, 2023	3,391,666	$1.21

The following table summarizes information about the RSUs outstanding at June 30, 2023:

Issuance Date	Price (C$)	Number of RSUs Outstanding
August 04, 2020	$1.64	412,666
March 25, 2022	$1.19	1,182,000
March 29, 2023	$1.12	1,797,000
		3,391,666

During the six months ended June 30, 2023, 1,809,000 RSUs (year ended December 31, 2022 – 1,799,000) were granted. The weighted average fair value at the measurement date was C$1.12, based on the TSX market price of the Company's shares on the date the RSUs were granted.

(Expressed in thousands of US dollars, except where otherwise noted)

During the six months ended June 30, 2023, the Company charged $658 (June 30, 2022 - $558) to operations as share-based payments for the fair value of the RSUs vested. 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 (loss) per share:*

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

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Net income (loss) for the period	$ 1,134	$ 2,283	$ 782	$ 2,929
Basic weighted average number of shares outstanding	119,195,457	117,129,947	118,887,538	110,548,661
Effect of dilutive share options, warrants, and RSUs ('000)	4,018,752	3,256,653	4,020,189	3,265,461
Diluted weighted average number of shares outstanding	123,214,209	120,386,601	122,907,727	113,814,123
Basic loss per share	$ 0.01	$ 0.02	$ 0.01	$ 0.03
Diluted loss per share	$ 0.01	$ 0.02	$ 0.01	$ 0.03

16. REVENUE AND COST OF SALES

The Company's revenues for the six months ended June 30, 2023 and 2022, are all attributable to Mexico, from shipments of concentrate from the Avino Mine.

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Concentrate sales	$ 9,838	$ 11,189	$ 19,830	$ 20,978
Provisional pricing adjustments	(620)	(1,819)	(787)	(558)
	$ 9,218	$ 9,370	$ 19,043	$ 20,420

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 periods. Direct costs include the costs of extracting co-products.

Cost of sales is based on the weighted average cost of inventory sold for the periods and consists of the following:

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Production costs	$ 7,407	$ 4,987	$ 14,711	$ 10,834
Write down of equipment and materials and supplies inventory	91	-	91	-
Depreciation and depletion	677	481	1,347	940
	$ 8,175	$ 5,468	$ 16,149	$ 11,774

(Expressed in thousands of US dollars, except where otherwise noted)

17. GENERAL AND ADMINISTRATIVE EXPENSES

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

	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Salaries and benefits	$ 291	$ 364	$ 686	$ 802
Office and miscellaneous	425	420	617	594
Management and consulting fees	97	119	203	235
Investor relations	86	98	167	150
Travel and promotion	39	36	93	46
Professional fees	464	204	703	412
Directors fees	45	45	89	86
Regulatory and compliance fees	53	33	91	80
Depreciation	35	37	70	67
	$ 1,535	$ 1,356	$ 2,719	$ 2,472

18. 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 11.

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:

	June 30, 2023	December 31, 2022
Not later than one year	$ 123	$ 105
Later than one year and not later than five years	394	347
Later than five years	414	398
	$ 931	$ 850

Office lease payments recognized as an expense during the six months ended June 30, 2023, totalled $18 (June 30, 2022 - $8).

(Expressed in thousands of US dollars, except where otherwise noted)

19. SUPPLEMENTARY CASH FLOW INFORMATION

		June 30, 2023		June 30, 2022
Net change in non-cash working capital items:				
Inventory	$	(2,569)	$	(1,409)
Prepaid expenses and other assets		(484)		(243)
Taxes recoverable		(1,702)		214
Taxes payable		(836)		534
Accounts payable and accrued liabilities		2,465		1,542
Amounts receivable		1,824		388
Amounts due to related parties		7		(36)
	$	(1,295)	$	990

		June 30, 2023		June 30, 2022
Other non-cash supplementary information:				
Interest paid	$	106	$	48
Taxes paid		15		-
	$	121	$	48

		June 30, 2023		June 30, 2022
Non-cash investing and financing activities:				
Acquisition of La Preciosa, net of cash & transaction costs	$	-	$	21,535
Shares acquired under terms of option agreements		41		15
Transfer of share-based payments reserve upon exercise of RSUs		512		-
Transfer of share-based payments reserve upon option exercise		-		15
Equipment acquired under finance leases and equipment loans		2,925		1,293
	$	3,478	$	16,612

20. 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, 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, long-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, 2022 – two) counterparties (see Note 21). 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.

(Expressed in thousands of US dollars, except where otherwise noted)

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 unaudited condensed consolidated interim statement of financial position. At June 30, 2023, no amounts were held as collateral.

(b) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows required by its operating, investing and financing activities. The Company had cash at June 30, 2023, in the amount of $1,207 and working capital of $4,583 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 note payable and finance lease obligations are due within 12 months of the condensed consolidated interim 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 June 30, 2023, are summarized as follows:

	Total	**Less Than 1 Year**	**1-5 years**	**More Than 5 Years**
Accounts payable and accrued liabilities	$ 11,900	$ 11,900	$ -	$ -
Amounts due to related parties	35	35	-	-
Minimum rental and lease payments	850	105	347	398
Equipment loans	489	195	294	-
Finance lease obligations	3,796	1,918	1,878	-
Total	$ 17,070	$ 14,153	$ 2,519	$ 398

(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 exposed to interest rate risk primarily on its outstanding term facility, as the interest rate is subject to floating rates of interest. A 10% change in the interest rate would not a result in a material impact on the Company's operations.

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:

(Expressed in thousands of US dollars, except where otherwise noted)

	June 30, 2023		December 31, 2022	
	MXN	CDN	MXN	CDN
Cash	$ 7,441	$ 154	$ 4,097	$ 250
Due from related parties	1,940	-	1,402	-
Long-term investments	-	1,601	-	2,365
Reclamation bonds	-	6	-	4
Amounts receivable	3,232	48	-	34
Accounts payable and accrued liabilities	(86,906)	(273)	(85,486)	(108)
Due to related parties	-	(197)	-	(135)
Finance lease obligations	(742)	(294)	(161)	(343)
Net exposure	(75,035)	1,045	(80,148)	2,067
US dollar equivalent	$ (4,397)	$ 789	$ (4,136)	$ 1,526

Based on the net US dollar denominated asset and liability exposures as at June 30, 2023, a 10% fluctuation in the US/Mexican and Canadian/US exchange rates would impact the Company's earnings for the six months ended June 30, 2023, by approximately $368 (year ended December 31, 2022 - $275). 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 amounts 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 June 30, 2023, 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 $41 (December 31, 2022 - $65).

The Company is exposed to price risk with respect to its long-term investments, as 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 June 30, 2023, a 10% change in market prices would have an impact on net earnings (loss) of approximately $117 (December 31, 2022 - $175).

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.

(d) Classification of Financial Instruments

IFRS 13 *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).

(Expressed in thousands of US dollars, except where otherwise noted)

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 June 30, 2023:

	Level 1	Level 2	Level 3
Financial assets			
Cash	$ 1,207	$ -	$ -
Amounts receivable	-	849	-
Long-term investments	1,210	-	-
Total financial assets	$ 2,417	$ 849	$ -
Financial liabilities			
Warrant liability	-	-	(20)
Total financial liabilities	$ -	$ -	$ (20)

The Company uses Black-Scholes model to measure its Level 3 financial instruments. As at June 30, 2023, the Company's Level 3 financial instruments consisted of the warrant liability.

For the Company's warrant liability valuation and fair value adjustments during the six months ended June 30, 2023 and the year ended December 31, 2022, see Note 13.

21. SEGMENTED INFORMATION

The Company's revenues for the three and six months ended June 30, 2022 are all attributable to Mexico, from shipments of concentrate produced by the Avino Mine, and is considered to be one single reportable operating segment.

On the condensed consolidated interim statements of operations, the Company had revenue from the following product mixes:

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Silver	$ 3,722	$ 3,372	$ 7,330	$ 7,268
Copper	4,062	5,206	8,751	12,259
Gold	2,712	2,389	5,847	4,831
Penalties, treatment costs and refining charges	(1,278)	(1,597)	(2,885)	(3,938)
Total revenue from mining operations	$ 9,218	$ 9,370	$ 19,043	$ 20,420

For the three and six months ended June 30, 2023, the Company had three customers (June 30, 2022 – three customers) that accounted for total revenues as follows:

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Customer #1	$ 7,883	$ 8,874	$ 17,108	$ 17,859
Customer #2	1,426	514	2,026	1,746
Other customers	(91)	(18)	(91)	815
Total revenue from mining operations	$ 9,218	$ 9,370	$ 19,043	$ 20,420

(Expressed in thousands of US dollars, except where otherwise noted)

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

	June 30, 2023	December 31, 2022
Exploration and evaluation assets - Mexico	$ 50,303	$ 49,803
Exploration and evaluation assets - Canada	1	1
Total exploration and evaluation assets	$ 50,304	$ 49,804

	June 30, 2023	December 31, 2022
Plant, equipment, and mining properties - Mexico	$ 50,260	$ 43,812
Plant, equipment, and mining properties - Canada	222	244
Total plant, equipment, and mining properties	$ 50,482	$ 44,056

22. SUBSEQUENT EVENTS

At-The-Market Sales – Subsequent to June 30, 2023, the Company issued 2,363,600 common shares in at-the-market offerings under prospectus supplement for gross proceeds of $1,633.

RSU and Option Grant – Subsequent to June 30, 2023, the Company granted 150,000 incentive stock options and 69,320 RSUs to a director. The stock options are exercisable for up to five years at a price of $1.12 per share and will be vested in stages over a 12-month period with no more than 1/4 of the options vesting in any three-month period from the date of the grant. The RSUs will be vested at the rate of 1/3 annually for a period of three years from the date of grant, until fully vested.