



The following discussion and analysis of the operations, results and financial position of Avino Silver & Gold Mines Ltd. (the “Company” or “Avino”) should be read in conjunction with the Company’s audited consolidated financial statements as at December 31, 2012 and 2011 and years ended December 31, 2012, 2011, 2010 and the notes thereto.

This Management Discussion and Analysis (“MD&A”) is dated April 30, 2013 and discloses specified information up to that date. Avino is classified as a “venture issuer” for the purposes of National Instrument 51-102. The Financial Statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). Unless otherwise cited, references to dollar amounts are Canadian dollars.

Throughout this report we refer to “Avino”, the “Company”, “we”, “us”, “our” or “its”. All these terms are used in respect of Avino Silver & Gold Mines Ltd. ***We recommend that readers consult the “Cautionary Statement” on the last page of this report.*** Additional information relating to the Company is available on SEDAR at www.sedar.com and the Company’s website at www.avino.com.

Business Description

Founded in 1968, the Company is engaged in the production and sale of silver and gold, and the exploration, development, and acquisition of mineral properties. The Company holds mineral claims in Durango, Mexico as well as the Yukon Territory and the province of British Columbia in Canada. Avino is a reporting issuer in British Columbia and Alberta, a foreign issuer with the Securities & Exchange Commission and trades on the TSX Venture Exchange, Tier 2 status under the symbol “ASM”, on the NYSE MKT under the symbol “ASM”, and on the Berlin & Frankfurt Stock Exchanges under the symbol “GV6”.

Overall Performance and 2012 Highlights

On October 1, 2012, Avino achieved commercial production at the San Gonzalo mine and located on the Avino property in the Durango State of Mexico. The revenues and related costs of production are reflected in the consolidated financial statements for these first three months of commercial production.

During the fourth quarter the San Gonzalo mine produced 561 tonnes of bulk silver/gold concentrate recognizing revenues of \$2,255,376 on the sale of 368 tonnes of concentrate bulk silver/gold for a gross profit of \$820,807. Metal prices for revenues recognized in that period, weighted by dollar of revenue recognized averaged US\$31.54 per ounce of silver, US\$1,680 per ounce of silver. Avino is very pleased with its first quarter of commercial production results and will continue to optimize mining and milling operations during the coming year.

Prior to commencing commercial production at San Gonzalo on October 1, 2012, Avino’s processing facility was used to treat process historic stockpiles remaining from the previous operation prior to 2001. In accordance with Company’s accounting policy, the proceeds from concentrate sales for the first nine months of 2012 was recorded as a reduction of exploration and evaluation costs. During the first nine months this activity produced 633 tonnes of concentrate generating proceeds of US \$3,490,581.

Cash cost per equivalent silver ounce for the first quarter of commercial production was \$14.22. The Company is pleased with the cash cost per equivalent silver ounce for the first quarter of commercial production as it continues to focus on improving operating efficiencies and cost reduction at San Gonzalo. Also the Company has been selling concentrate on a month to month basis and is in the process of reviewing long-term sale agreements to secure preferable terms and more favorable net smelter returns.

The Corporation’s cash and cash equivalents at December 31, 2012 totaled \$4,035,985 compared to \$5,282,464 at December 31, 2011, while working capital totaled \$5,363,372 compared to \$5,723,398 for the same dates respectively.



Discussion of Operations

The Company's production, exploration, and development activities during the year ended December 31, 2012 have been conducted on its Avino property. The Company holds a 99.28% effective interest in Compañía Minera Mexicana de Avino, S.A. de C.V. ("Avino Mexico"), a Mexican corporation which owns the Avino Property. The Avino Property covers approximately 1,409 hectares and is located approximately 74 km north-east of the city of Durango. The Avino property hosts a processing facility and continues to focus on production at its San Gonzalo mine. The Company also continues to develop its plans to re-open the Avino Mine and process the tailings resource.

San Gonzalo Mine

As announced in the news release dated October 24, 2012 entitled "Avino Operational Update & Q3 Production Report", the company declared the commencement of production as of October 1, 2012 at its San Gonzalo mine. Results from the first six months of commercial operations are reported in the table below:

	Oct 2012	Nov 2012	Dec 2012	Jan 2013	Feb 2013	Mar 2013
Total Mill Feed (dry tonnes)	6,647	6,528	6,364	6,392	6,418	6,913
Average Daily Throughput (TPD)	214	218	235	228	229	230
Days of Operation	31	30	27	28	28	30
Feed Grade Silver (g/t)	233	256	287	315	306	307
Feed Grade Gold (g/t)	0.93	0.99	1.19	1.27	1.19	1.40
Bulk Concentrate (dry tonnes)	180	177	181	197	166	206
Bulk Concentrate Grade Silver (kg/t)	7.04	7.37	7.90	8.32	9.43	8.52
Bulk Concentrate Grade Gold (g/t)	25.0	25.4	28.6	29.1	30.4	34.5
Recovery Silver (%)	82	78	78	81	80	83
Recovery Gold (%)	72	69	68	70	66	73
Mill Availability (%)	97.2	98.1	87.9	91.1	99.0	96.7
Total Silver Produced (kg)	1,265	1,302	1,433	1,638	1,565	1,757
Total Gold Produced (g)	4,489	4,487	5,185	5,722	5,036	7,117
Total Silver Produced (oz) <i>calculated</i>	40,671	41,870	46,066	52,779	50,315	56,488
Total Gold Produced (oz) <i>calculated</i>	144	144	167	184	162	228
Total Silver Equivalent Produced (oz)	47,888	49,083	54,401	62,781	59,228	69,098



Comparative figures from Q4 2012 and Q1 2013 are as follows:

	Q4 2012	Q1 2013	% Change
Total Mill Feed (dry tonnes)	19,539	19,723	0.9
Average Daily Throughput (TPD)	222	229*	3.1
Days of Operation	88	86	(2.30)
Feed Grade Silver (g/t)	259	309*	19.3
Feed Grade Gold (g/t)	1.04	1.29*	24.0
Bulk Concentrate (dry tonnes)	538	568	5.6
Bulk Concentrate Grade Silver (kg/t)	7.44	8.72*	17
Bulk Concentrate Grade Gold (g/t)	26.33	31.4*	19.3
Recovery Silver (%)	79	81*	2.5
Recovery Gold (%)	70	70*	0
Mill Availability (%)	94.4	95.5*	1.2
Total Silver Produced (kg)	4,000	4,960	24.1
Total Gold Produced (g)	14,161	17,875	26.2
Total Silver Produced (oz) <i>calculated</i>	128,607	159,582	24.1
Total Gold Produced (oz) <i>calculated</i>	455	574	26.2
Total Silver Equivalent Produced (oz)	151,372	191,107	26.2

Silver equivalent for Q1 2013 were calculated using a 55:1 ratio for silver to gold. For Q4 2012, a 50:1 ratio was used in the calculation. (The ratio was changed to reflect more current gold and silver prices.) Mill production figures have not been reconciled and are subject to adjustment with concentrate sales. Year-to-date and calculated figures may not add up due to rounding.

The San Gonzalo mine is located approximately 2 km from the original Avino mine and beneath the shallow workings of an old mine from the colonial period. It constitutes a strongly developed vein system over 25 m across, trending 300 to 325 degrees; dip 80 NE to 77 SW. 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 metre drill program to explore the San Gonzalo deposit. Drilling produced many core intercepts with silver assays greater than 1,000 g/t, some reaching as high as 5,265 g/t. The results from the drill program were input into a resource calculation in 2009.

Following the 2009 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%.

Based on these results, Avino conducted a 10,000 tonne bulk sampling program to assess the economics of the zone and confirm mineral grades obtained through diamond drilling. The first decline was driven by our mining contractor starting in December 2009. The bulk sample program was completed during the first quarter of 2011 and a contract for the sale of concentrate was completed in June 2011 (for complete details see news release dated July 11, 2011). Following the bulk sample underground development continued through the remainder of 2011.



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. Subsequent drifting on level 4 produced samples that assayed as high as 14,768 g/t Ag over 0.4 metres or 1,380 g/t over 2.22 metres (See Avino's Q3 MD&A for details). These assay results represented the highest grade Avino has sampled at San Gonzalo in 6 years of exploration. By year-end, level 5 had been reached and stope development on level 4 was underway. Underground advancement for 2012 totaled 2,558 metres consisting of ramp advancement, cross cuts, drifts and raises.

Avino Mine

In February 2012, a new long-term royalty agreement was signed to grant Avino mining rights to the main Avino vein. Mining activities were suspended on the Avino vein in 2001 due to low metals prices and the closure of a key smelter. Avino plans to re-open the old Avino mine once de-watering and all necessary modifications to the processing plant have been completed. When operations resume, Avino will use an existing 1,000 TPD circuit to process the material. Between 1998 and 2000, leading up to the mines closure, annual output averaged 933,240 ounces of silver, 7,537 ounces of gold and 9,305,347 pounds of copper. When the mine re-opens in 2014, Avino expects to process similar material at a similar rate as it did prior to closure in 2001.

Shortly after signing the new royalty agreement, the Company initiated an exploration program to further define remaining resources. The 2012 drill program, which totaled 3,263 metres through 9 holes was intended to form the basis for a current mineral resource estimate below level 12 to be included in a forthcoming NI 43-101 compliant resource report. The results were consistent with results from drilling conducted between 2006 and 2008 and demonstrated the thickness and consistency of the vein. Full results from the drill program can be viewed in Avino's third quarter MD&A on Avino's website or on SEDAR.

To resume underground development of the Avino mine, the existing underground workings must first be dewatered. During the year, construction of a water treatment plant and water testing was completed. At the time of this report, the water level had receded down to level 8 of the mine. Mexican authorities have granted permission to the Company to de-water the mine without requiring a formal permit. Avino is required to submit quarterly reports logging the chemical content of the water being pumped from the underground workings. Once the water is treated it will be discharged to the El Caricol dam on the property and used for milling as well as for irrigation of local farms. Dewatering is expected to reach the bottom of the flooded area (level 11) within 6 to 8 months with operations expected to resume in Q1 2014.

A review of the underground workings by mine personnel above the water level is also taking place to identify potential mining areas for mill feed; this represents part of the exploration program aimed at reopening the historic Avino mine.



Tailings Resource

Preliminary Economic Assessment – Oxide Tailings Resource

Avino’s tailings resource was created during the Company’s previous 27 year operating run when recoveries were relatively poor. The tailings include both oxide and sulphide tailings, with each requiring separate treatment methods. Since the closure of the mine in 2001, advances in heap leach technology could potentially enable Avino to extract the gold and silver that had previously been un-recovered by floatation.

In July 2012, the Company filed an independent updated technical report on the Avino property focused on the oxide tailings resource. The report, titled “Technical Report on the Avino Property” outlined a 1,370 TPD cyanide heap leach operation using two metal price scenarios. Details of the preliminary economic assessment are outlined below, full details can be found in Avino’s news release dated August 30, 2012 or in the full report on the company’s web site and on SEDAR.

Metal Production

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

Economics

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

A preliminary economic assessment should not be considered a prefeasibility or feasibility study, as the economics and technical viability of the Project have not been demonstrated at this time. The above preliminary economic assessment is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to apply economic considerations that would allow for categorization as mineral reserves. Furthermore, there is no certainty that the preliminary economic assessment will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

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

Historic Stockpiles

During the first three quarters of 2012, Avino processed material left from past mining of the main Avino vein. The concentrate produced from processing this material was sold for proceeds of US \$3.4 million. The historic stockpiles had been left on the surface in various locations across the property making delivery for processing easy and cost efficient. The stockpiles provided Avino an opportunity to generate cash flow while tuning the mill and continuing underground advancement at San Gonzalo.



During this period, the Company's activities were considered to be in the exploration stage, therefore the proceeds from the sale of this concentrate were recorded as a reduction of exploration and evaluation costs; all concentrate produced during the period was sold. Quarterly output results from this project are as follows:

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

Processing Plant

During Q4, the decision was made to expand the primary crushing circuit to operate at up to 1,500 tonnes per day ("TPD") and feed three separate recovery circuits:

Circuit #	Throughput (TPD)	Source of Mill feed	Online Date
1	250	San Gonzalo Mine ("SG")	Now Online
2	250	Avino Surface Stockpiles, SG, ET	Now Online
3	1,000	Avino Mine	2014

A new 250 TPD circuit ("Circuit 2") was commissioned during 2013 which will initially be used to process remaining historic aboveground stockpiles left from past mining of the main Avino Vein. The Company expects the stockpiles will provide enough mill feed for approximately seven months of operations. During Q3 2012, Circuit 1 (250 TPD) produced 50,074 ounces of silver equivalent (calculated) from the same stock piles, Avino expects output will be similar from Circuit 2 once it's activated in Q2 of 2013. After the historic stockpiles have been depleted, the new circuit will have the ability to process additional mill feed from the San Gonzalo Mine and later the Avino Mine once it is further developed.

Circuit 1 will continue to process high-grade mill feed from the San Gonzalo Mine. Production numbers are reported monthly and are summarized to date in the news release dated February 12, 2013.

Circuit 3 is scheduled to begin processing new material from the main Avino Mine in 2014.



Financing

In January 2013, the Company finalized a credit facility with Caterpillar Finance for up to US \$5 million. The financing will help Avino advance its current operations at San Gonzalo and to reopen the historic Avino Mine (for more information please see the news release dated December 20, 2012). With the credit facility in place, the Company has acquired several key pieces of mining equipment including: a new Caterpillar 420F Backhoe loader, Caterpillar R1600 Scoop tram and an Oldenburg underground rock drill.

Property Option Agreements

During the year, Avino entered into two separate option agreements. Avino optioned its Laberinto property in Durango, Mexico to Endeavour Silver Corp. (See news release dated July 31, 2012) and its Eagle property located in the prolific Keno Hill Mining district in the Yukon Territory, Canada to Benz Capital Corp. (see news release dated November, 2012) Avino believes that both properties are of merit and hold significant potential.

Outlook

Avino is uniquely situated among the many emerging producers in Mexico. Through its majority ownership in the Avino Mine, recovery plant and surrounding property holdings, Avino provides its shareholders with an opportunity to profit from the strong metal markets. Avino remains committed to maintaining profitable mining operations and is excited to build the Company into a significant producer of precious and base metals. The Company holds itself accountable and maintains a high standard in corporate citizenship. Avino maintains strong relationships with the surrounding communities by continuing to provide long-term economic and social benefits.

With prices for silver and gold remaining at historically high levels, the Company is working aggressively to capitalize on this trend by increasing production as quickly as possible.

Management remains focused on the following key objectives:

1. Maintain profitable mining operations at San Gonzalo while decreasing operating costs and improving efficiency;
2. Increase mill throughput using the new circuit ("Circuit 2") that went online in April 2013. See news release dated April 29, 2013;
3. Develop the Avino mine for commercial production commencing in 2014;
4. Continue to review and develop plans to process the oxide tailings resource from previous milling operations (PEA issued in 2012);
5. Continue to explore regional targets on the property and consider acquisition opportunities.

Non – IFRS Measures

Cash cost per ounce and total production costs per tonne

Cash cost per ounce and total production costs per are measures developed by mining companies in an effort to provide a comparable standard; however, there can be no assurance that our reporting of these non-IFRS measures are similar to that reported by other mining companies. Total cash cost per ounce and total production cost per tonne are measures used by the Company to manage and evaluate operating performance of the Company's mining operations, and widely reported in the silver and gold mining industry as a benchmark for performance, but does not have a standardized meaning and is disclosed in addition to IFRS measures.



Management of the Company believes that the Company's ability to control the cash cost per silver ounce is one of its key performance drivers impacting both the Company's financial condition and results of operations. Achieving a low silver production cost base allows the Company to remain profitable even during times of declining commodity prices and provides more flexibility in responding to changing market conditions. In addition, a profitable operation results in the generation of positive cash flows, which then improves the Company's financial condition.

To facilitate a better understanding of this measure as calculated by the Company, a detailed reconciliation between the cash cost per silver ounce and the Company's cost of sales as reported in the Company's Consolidated Statements of Comprehensive Loss is provided.

Reconciliation of Cash Cost of Sales per Silver Equivalent Ounce

	Year ended Dec 31, 2012	Notes
Cost of sales (as reported) – CAD	\$ 1,246,309	2
Silver ounces sold	72,522	1
Gold ounces sold	274	1
Ag:Au ratio	55.1:1	3
Silver equivalent ounces sold	87,616	
Cash Cost per Silver Ounce - CAD	\$ 14.22	
Mining Cost per Ounce	\$ 10.30	
Milling Cost per Ounce	\$ 1.91	
Indirect Cost per Ounce	\$ 2.02	
Total Production Cost per Tonne	\$ 94.60	
Tonnes Produced	13,175	1
Mining Cost per Tonne	\$ 68.47	
Milling Cost per Tonne	\$ 12.70	
Indirect Cost per Tonne	\$ 13.42	

1. The figures in the table represent the total costs and production for the year ended December 31, 2012 however the San Gonzalo mine was commissioned for commercial production on October 1, 2012. The first quarter of commercial production reflects sales from October 2012 and November 2012, production from December 2012 was included in the balance of inventory as at December 31, 2012 in accordance with the Company's revenue recognition policy.
2. Cost of sales represents cash costs of production before depletion, depreciation, and accretion. See note 16 to consolidated financial statements.
3. Silver equivalent ounces consist of the number of ounces of silver production plus the number of ounces of gold production multiplied by the ratio of the spot gold price to the spot silver price using the average rates in effect during the sale contract settlement periods.



Review of financial results

Selected Annual Information

The following financial data is derived from the Company's financial statements for the three most recently completed financial years:

	December 31, 2012	December 31, 2011	December 31, 2010
Total revenues	\$ 2,255,376	\$	\$
Cost of sales	1,434,569	-	-
Depletion, depreciation and accretion	188,260	-	-
Mine operating income	820,807	-	-
General and administrative expense	1,929,746	4,042,647	1,110,643
Net loss	(1,263,178)	(4,184,351)	(790,840)
Loss per share	(0.05)	(0.16)	(0.04)
Total assets	26,191,608	26,136,355	26,578,517
Total liabilities	4,244,230	3,202,096	2,662,727
Working capital	5,363,372	5,723,398	8,794,406

On October 1, 2012 the Company commenced commercial production at its San Gonzolo Mine. The December 31, 2012 consolidated financial statements reflect the revenues and related cost of sales for the production produced and sold for October and November 2012 only. December 2012 production is included in the balance of inventory at December 31, 2012 in accordance with the Company's revenue recognition policy. Prior to achieving commercial production, the Company received proceeds of \$3,490,581 from the sale of bulk concentrate produced from the historic Avino mine stockpiles. Proceeds from these sales were charged as reduction to exploration and evaluation assets.

The acquisition of control of Avino Mexico in July 2006 resulted in a deferred income tax liability which is currently measured at \$2,365,677. The deferred income tax liability and the deferred income tax expense are due to the difference in carrying amounts and tax bases of the Mexican mineral properties, mine plant, and equipment, which were acquired in the purchase of Avino Mexico.

Results of Operations

Summary of Quarterly Results

Period ended	2012 Dec 31 Q4	2012 Sept 30 Q3	2012 Jun 30 Q2	2012 Mar 31 Q1	2011 Dec 31 Q4	2011 Sept 30 Q3	2011 Jun 30 Q2	2011 Mar 31 Q1
Earnings / Loss for the period	\$ 173,660	\$ (829,315)	\$ (395,556)	\$ (211,967)	\$ (651,720)	\$ (1,555,067)	\$ (362,957)	\$ (1,975,799)
Earnings / Loss per Share	0.01	(0.03)	(0.01)	(0.01)	(0.03)	(0.06)	(0.01)	(0.07)
Total Assets	\$26,191,608	\$25,674,380	25,825,567	26,055,529	26,136,355	25,823,810	26,225,357	26,554,565

Quarterly results often fluctuate with changes in revenues, cost of sales, exploration expenses and operating expenses and non-cash items such as share-based payments and deferred income tax expenses. In Q4 2012 the Company began commercial production at the San Gonzalo mine which contributed \$820,807 to earnings for the quarter.



For the year ended December 31, 2012 compared with the year ended December 31, 2011.

	2012	2011	Notes
Revenue	\$ 2,255,376	\$ -	1
Cost of sales	1,434,569	-	2
Mine operating income	820,807	-	
General and Administrative Expenses			
Depreciation	6,193	803	3
Investor relations	247,044	294,882	
Management fees	150,000	296,260	4
Office and miscellaneous	531,043	199,721	5
Professional fees	205,578	189,459	
Regulatory and compliance fees	75,738	121,591	6
Salaries and benefits	561,398	276,866	7
Sales tax (recovery) write-down	(47,409)	-	8
Share-based payments	18,408	2,529,620	9
Travel and promotion	181,753	133,445	
	1,929,746	4,042,647	
Loss before other items and income tax	(1,108,939)	(4,042,647)	
Other Items			
Interest income	21,760	78,857	10
Other revenue	23,464	10,499	
Mineral property option income	54,317	-	11
Unrealized gain (loss) on investments in related companies	(110,021)	(212,966)	
Foreign exchange gain	116,562	68,404	
LOSS BEFORE INCOME TAX	(1,002,857)	(4,097,853)	
Deferred income tax expense	(260,321)	(86,498)	
NET LOSS	(1,263,178)	(4,184,351)	12
Loss per Share - Basic and Diluted	\$ (0.05)	\$ (0.16)	12

1. Revenues for the year were \$2,255,376. The Company's San Gonzalo mine commenced commercial production on October 1, 2012. Total revenues include production sales for October 2012 and November 2012 only. December 2012 production was shipped and sold in January 2013 and accounted for in accordance with Company's revenue recognition policy. Revenues relate to the sale of silver and gold bulk concentrate produced from San Gonzalo mine. There were no revenues for the comparable year. Proceeds from the sale of concentrate during the exploration stage were recorded as a reduction in exploration and evaluation assets.
2. Total costs of production for the year were \$1,434,569. Production costs include costs for mining, milling, overhead, depreciation of plant and equipment, depletion, and accretion expense. All costs of production relate to the production of silver and gold bulk concentrate produced from the San Gonzalo mine.



3. Depreciation expense was \$6,193 for the year ended December 31, 2012 compared to \$803 for the comparable year, an increase of \$5,390. The Company purchased a number of new non production assets during the year which resulted in a higher depreciation charge in 2012.
4. Management fees for the year ended December 31, 2012 were \$150,000, a decrease of \$146,260 from the comparable year. Management fees were higher in 2011 due to a bonus of \$150,000 paid to the CEO. There were no bonuses paid 2012.
5. Office and miscellaneous expenses were \$531,043 for the year ended December 31, 2012 compared to \$199,721 for the year ended December 31, 2011, an increase of \$331,322. The increase relates to higher office costs and rent at the Company's head office. There was also an increase in administration activities at the Company's Mexican subsidiaries due to the transition to commercial production of the San Gonzalo mine. Office and miscellaneous costs include costs incurred at the Company's head office in Canada, Durango Mexico office and mine site office.
6. Regulatory and compliance fees were \$75,738 during the year ending December 31, 2012 compared to \$121,591 in the comparable year. The decrease of \$45,853 is a result of a one time listing fee paid to NYSE MKT in the comparable year.
7. Salaries and benefits for the year ended December 31, 2012 were \$561,398, an increase of \$284,532 compared to the year ended December 31, 2011. The Company has continued to build its professional team to meet the growth and expansion at the Company's operations in Mexico. There have also been increases in the costs of salaries and benefits paid to current employees.
8. During the year the Company recorded a \$47,409 provision recovery relating to uncollectible VAT. The Company has consistently achieved a high rate of collection of VAT. Consequently management has concluded that is appropriate to reverse prior years provisions for uncollectible amounts.
9. Share-based payments for the year ended December 31, 2012 were \$18,408 compared to \$2,529,620 for the year ended December 31, 2011, a decrease of \$2,511,212, due to less options granted in 2012.
10. Interest income was \$21,760 compared to \$78,857 in the prior year. A decrease of \$57,097. The Company maintained higher cash balances in guaranteed investments certificates in prior years.
11. During the year the Company entered into two separate option agreements with Endeavor Silver and Avaron Mining Corp. The details of these options agreements are summarized in note 7 of the consolidated financial statements. The total option revenue earned related to these two options agreements was \$54,317.
12. As a result of the foregoing, net loss for the year ended December 31, 2012 was \$1,263,178, a decrease of \$2,921,173 compared to the year ended December 31, 2011. The decrease in loss has decreased the loss per share from \$0.16 to \$0.05.



For the quarter ended December 31, 2012 compared with the ended December 31, 2011.

	2012	2011	Notes
Revenue	\$ 2,255,376	\$ -	1
Cost of sales	1,434,569	-	2
Mine operating income	820,807	-	
General and Administrative Expenses			
Depreciation	5,549	(138,646)	3
General exploration	(24,315)	(15,599)	
Investor relations	65,557	70,648	
Management fees	37,500	37,120	
Office and miscellaneous	241,862	123,759	4
Professional fees	141,453	132,760	
Regulatory and compliance fees	13,995	11,193	
Salaries and benefits	405,983	47,445	5
Sales tax (recovery) write-down	(47,409)	-	
Share-based payments	1	49,142	6
Travel and promotion	48,976	44,893	
	889,152	362,715	
Operating loss	(68,345)	(362,715)	
Other Income			
Interest income	(11,785)	(59,156)	
Other revenue	16,432	-	
Unrealized gain (loss) on investments in related companies	(7,872)	20,209	7
Foreign exchange gain	505,552	(163,560)	
EARNINGS (LOSS) BEFORE INCOME TAX	433,982	(565,222)	
Deferred income tax expense	(260,321)	(86,498)	
NET EARNINGS FOR THE PERIOD	173,660	(651,720)	8
Earnings (Loss) per Share - Basic and Diluted	\$ 0.01	\$ (0.02)	8

1. Revenues for the three months ended December 31, 2012 were \$2,255,376. The Company transitioned the San Gonzalo mine to commercial production on October 1, 2012. Total revenues include production sales for October 2012 and November 2012 only. December 2012 production was shipped and sold in January 2013 and accounted for in accordance with Company's revenue recognition policy. Revenues relate to the sale of silver and gold bulk concentrate produced from San Gonzalo mine. There were no revenues for the comparable three month period ended December 31, 2011. Proceeds from the sale of concentrate during the exploration stage were charged as a reduction in exploration and evaluation assets.

2. Total costs of production for the three months ended December 31, 2012 were \$1,434,569. Production costs include costs for mining, milling, overhead, depreciation of plant and equipment, depletion, and accretion expense. All costs of production relate to the production of silver and gold bulk concentrate produced from the San Gonzalo mine.



3. Depreciation expense was \$5,549 for the three months ended December 31, 2012 compared to (\$138,646) for the comparable period, an increase of \$144,195. The increase is the result of a fiscal 2011 adjustment which reclassified depreciation to mineral properties exploration costs. The proposed reclassification is consistent with Company's accounting policy for property, plant and equipment.
4. Office and miscellaneous expenses were \$241,862 for the three months ended December 31, 2012 compared to \$123,759 for the three months ended December 31, 2011, an increase of \$118,103. The increase relates to higher office costs and rent at the Company's head office and an increase in administration activities at the Company's Mexican subsidiaries due to the transition to commercial production of the San Gonzalo mine. Office and miscellaneous costs include costs incurred at the Company's head office in Canada, Durango Mexico office and mine site office.
5. Salaries and benefits for the three months ended December 31, 2012 were \$405,983, an increase of \$358,538 compared to the three months ended December 31, 2011. The increase of \$358,538 is primarily due to a year-end reclassification adjustment however the Company continues to build its professional team to meet the growth and expansion at the Company's operations in Mexico. There have also been increases in the costs of salaries and benefits paid to current employees.
6. Share-based payments for the three months ended December 31, 2012 were \$1 compared to \$49,142 for the three months ended December 31, 2011, a decrease of \$49,141. The decrease is due to a higher number of share-based payments issues to consultants that vested during the quarter ending December 31, 2011. There were an insignificant number of share-based payments that vested during the current quarter.
7. Unrealized loss on investments in related companies was \$(7,872) for the three months ended December 31, 2012 compared to a gain of \$20,209 in the comparative period, an increase of \$28,081. The increase in loss reflects the fluctuations in market values of the investments in common shares of related companies.
8. As a result of the foregoing, net earnings for the quarter ended December 31, 2012 was \$173,660, an increase of \$825,380 compared to the quarter ended December 31, 2011. The increase in earnings has decreased the loss per share from \$0.02 to earnings per share of \$0.01.



Liquidity and Capital Resources

The investment in and expenditures for exploration and evaluation assets comprise most of the Company's assets along with a lesser asset amount in regards to the San Gonzalo mine and facilities and equipment. The recoverability of amounts shown for its exploration and evaluation assets and related deferred costs is dependent upon the discovery of economically recoverable reserves and the ability of the Company to obtain the financing necessary to complete development and achieve profitable operations in the future. The outcome of these matters cannot be predicted at this time.

Year Ended	December 31, 2012	December 31, 2011
Cash and cash equivalents	\$ 4,035,985	\$ 5,282,464
Working Capital	5,363,372	5,723,398
Deficit	29,458,319	28,319,741

Cash Flow

	December 31, 2012	December 31, 2011
Cash used in operating activities	\$ (1,459,727)	\$ (1,294,001)
Cash provided by financing activities	32,631	590,511
Cash provided by investing activities	156,524	(2,959,232)
Decrease in cash and cash equivalents	(1,270,572)	(3,662,722)
Effect of exchange rate changes on cash and cash equivalents	24,093	(106,662)
Cash balance, beginning of the period	5,282,464	9,051,848
Cash balance, end of the year	\$ 4,035,985	\$ 5,282,464

Operating Activities:

Cash used in operating activities for the year ended December 31, 2012 was \$1,459,727 compared to \$1,294,001 for the year ended December 31, 2011. The increase in cash used in operating activities is primarily due to the increase in inventory at December 31, 2012. In accordance with the Company's revenue recognition policy, December 2012 production was included in inventory at December 31, 2012. The Company's inventory balance also increased due to the stockpile on hand at December 31, 2012.

Financing Activities:

Cash provided by financing activities was \$32,631 compared to \$590,511 in the comparable year, a decrease of \$557,880. Cash provided by financing activities relates to the issuance of common shares upon the exercising of stock options. During the year ended December 31, 2011, employees, consultants, and directors exercised more stock options compared to the year ended December 31, 2012. Also during the year the Company acquired mining equipment under a finance lease arrangement. Finance lease payments during the year were \$42,969.



Investing Activities:

Cash provided by investing activities for year ended December 31, 2012 was \$156,524 compared to cash used of \$2,959,232 for the year ended December 31, 2011. Cash used in investing activities during the year ended December 31, 2012 includes cash expenditures of \$946,286 on the acquisition of equipment and cash expenditures on exploration and evaluation assets of \$2,387,771. The cash used for the acquisition of equipment was offset by a recovery of costs for exploration and evaluation activities. During the year the Company sold bulk concentrate prior to commercial production and received proceeds of \$3,490,581. During the exploration stage the Company charges proceeds received from bulk concentrates sales to exploration and evaluation assets. Details of additions to exploration and evaluation assets and equipment are summarized in notes 6 and 10 respectively to the audited consolidated financial statements for the year ended December 31, 2012.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Transactions with Related Parties

- (a) 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, 2012, 2011 and 2010 and are as follows:

	December 31, 2012	December 31, 2011	December 31, 2010
Salaries and benefits	\$ 243,011	\$ 362,173	\$ 149,542
Share-based payments	-	2,009,400	186,200
	\$ 243,011	\$ 2,371,573	\$ 335,742

- (b) In the normal course of operations the Company transacts with companies related to Avino's directors or officers. At December 31, 2012 and December 31, 2011 the following amounts are due to related parties:

	December 31, 2012	December 31, 2011
Directors	\$ 24,469	\$ 19,625
Oniva International Services Corp.	147,845	179,338
Sampson Engineering Inc.	2,400	4,800
	\$ 174,714	\$ 203,763

(c) Other related party transactions

The Company has a cost sharing agreement to reimburse Oniva International Services Corp. ("Oniva") as described in note 20. The transactions with Oniva during the year are summarized below:

	December 31, 2012	December 31, 2011	December 31, 2010
Salaries and benefits	\$ 179,555	\$ 151,941	\$ 108,086
Office and miscellaneous	\$ 276,201	240,810	60,441
	\$ 455,756	\$ 392,751	\$ 168,527



All related party transactions are recorded at the value agreed upon by the Company and the related party. The amounts due from and due to related parties are non-interest bearing, non-secured and with no stated terms of repayment.

Financial Instruments and Risks

The fair values of the Company's cash and cash equivalents, amounts receivable, due to related party and accounts payables and accrued liabilities approximate their carrying values because of the short-term nature of these instruments. The investments in related companies are based on quoted market prices.

The Company's financial instruments are exposed to certain financial risks, 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's cash is exposed to credit risk. The Company is not exposed to significant credit risk on amounts receivable.

The Company manages credit risk, in respect of cash, by maintaining the majority of cash at high credit rated Canadian financial institutions. However, as at December 31, 2012 cash and cash equivalents substantially exceed the amounts covered under federal deposit insurance

Concentration of credit risk exists with respect to the Company's cash as the majority of the amounts are held with a single Canadian financial institution.

(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 operations and anticipated investing and financing activities. The Company has cash at December 31, 2012 in the amount of \$4,035,985 (2011 - \$5,282,464) in order to meet short-term business requirements. At December 31, 2012, the Company had current liabilities of \$1,476,681 (2011 - \$804,740). Accounts payable have contractual maturities of approximately 30-90 days or are due on demand and are subject to normal trade terms. Amounts due to related parties are without stated terms of interest or repayment.

(c) Market Risk

Market risk consists of interest rate risk, foreign currency risk and other 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 rate in 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 risk as the Company has no significant interest-bearing debt as of December 31, 2012 and 2011.

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 monetary assets and liabilities are denominated in foreign currency with respect to the following assets and liabilities, as a portion of these amounts are denominated in Mexican Pesos and US dollars as follows:

	December 31, 2012		December 31, 2011	
	MXN	USD	MXN	USD
Cash and cash equivalents	\$ 3,586,471	\$ 1,312,607	\$ 935,096	\$ 496,186
Sales taxes recoverable	2,180,706	-	2,789,015	-
Amounts receivable	3,096,083	210,076	-	862,287
Accounts payable and accrued liabilities	(2,775,290)	(408,437)	(6,214,511)	-
Amounts due to related parties	-	-	-	-
Finance lease obligations	-	(236,157)	-	-
Net exposure	6,087,970	878,089	(2,490,400)	1,358,473
Canadian dollar equivalent	\$ 467,178	873,611	\$ (183,877)	\$ 1,381,567

Based on the net Canadian dollar denominated asset and liability exposures as at December 31, 2012, a 10% fluctuation in the Canadian/Mexican and Canadian/US exchange rates will impact the Company's earnings by approximately \$134,078 (2011 - \$119,769).

The Company has not entered into any foreign currency contracts to mitigate this risk

Other Price Risk

Other 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 other price risk with respect to its investment in related parties as they are carried at fair value based on quoted market prices.

The Company's ability to raise capital to fund mineral resource exploration is subject to risks associated with fluctuations in mineral resource 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.

(c) Classification of Financial Instruments

IFRS 7 'Financial Instruments: Disclosures' establishes a fair value hierarchy that prioritizes the input 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 measured at fair value by level within the fair value hierarchy as at December 31, 2012:

	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 4,035,985	-	-
Investments in related parties	194,373	-	-
Other investments	15,000	-	-
	\$ 4,245,358	-	-

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 the 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 17.

The Company and its subsidiary have various lease agreements for their office premises, use of land, drilling and equipment.

The Company has commitments in respect of these lease agreements as follows:

	December 31, 2012		December 31, 2011	
Not later than one year	\$	248,512	\$	243,301
Later than one year and no later than five years		597,188		824,910
Later than 5 years		76,506		84,046
	\$	922,206	\$	1,152,257

Significant Accounting Judgements and Estimates

The preparation of these consolidated financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates under different assumptions and conditions.

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

a) *Economic recoverability and probability of future economic benefits of exploration, evaluation and development costs*

Management has determined that exploratory drilling, evaluation, development and related costs incurred which 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 benefit including geologic and metallurgic information, scoping studies, accessible facilities, existing permits and life of mine plans.



b) *Stockpile and concentrate inventory valuations*

Finished goods and stockpile ore are valued at the lower of the average costs or net realizable value. The assumptions used in the valuation of ore stockpile and finished goods include estimates of silver and gold contained in the ore stockpile and finished goods assumptions of the amount of silver and gold that is expected to be recovered from them. If these estimates or assumptions prove to be inaccurate, the Company could be required to write down the recorded value of its ore stockpile and finished would reduce the Company's earnings and working capital.

c) *Estimated reclamation provisions*

The Company's provision for decommissioning liabilities represents management's best estimate of the present value of the future cash outflows required to settle estimated reclamation and closure costs at the end of mine's life. The provision reflects estimates of future costs, inflation, movements in foreign exchange rates and assumptions of risks associated with the future cash outflows, and the applicable risk free interest rates for discounting the future cash outflows. Changes in the above factors can 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 related mining properties. Adjustments to the carrying amounts of related mining properties can result in a change to future depletion expense.

d) *Valuation of share based payments*

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

e) *Commencement of commercial production and production levels intended by management*

Prior to reaching commercial production levels intended by management, costs incurred are capitalized as part of the costs of related mining properties 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, including production capacity, recoveries and number of uninterrupted production days, in determining when a mining property has reached the commercial production levels intended by management. 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 commenced production on October 1, 2012.

f) *Impairment of plant and equipment, mining properties and exploration and evaluation assets*

Management considers both external and internal sources of information in assessing whether there are any indications that the Company's plant and equipment, mining properties and exploration and evaluation assets are impaired.



External sources of information management considers include changes in the market, economic and legal environment in which the Company operates that are not within its control and affect the recoverable amount of its plant and equipment and mining interests. Internal sources of information management consider 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, mining properties and exploration and evaluation assets, management makes estimates of the discounted 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/or adverse current economics can result in a write down of the carrying amounts of the Company's plant, equipment, mining properties and exploration and evaluation assets.

Outstanding Share Data

The Company has an unlimited number of common shares without par value as authorized share capital of which 27,127,416 were outstanding as at December 31, 2012 and 27,433,934 as at April 30, 2013.

The following are details of outstanding share options as at December 31, 2012 and April 30, 2013:

Expiry Date	Exercise Price Per Share	Number of Shares Remaining Subject to Options (Dec 31/12)	Number of Shares Remaining Subject to Options (Apr 30/13)
February 27, 2013	\$1.65	10,000	-
February 27, 2013	\$0.75	295,000	-
September 22, 2014	\$0.75	25,000	10,000
January 14, 2015	\$0.81	60,000	60,000
September 10, 2015	\$1.05	290,000	282,857
December 9, 2013	\$2.00	20,000	10,625
January 18, 2016	\$2.30	960,000	955,000
September 30, 2016	\$2.00	790,000	780,000
January 16, 2013	\$2.00	30,000	-
February 18, 2018	\$1.60	-	250,000
Total:		2,480,000	2,348,482

The following are details of outstanding warrants as at December 31, 2012 and April 30, 2013:

Expiry Date	Exercise Price Per Share	Number of Underlying Shares (Dec 31/12)	Number of Underlying Shares (Apr 30/13)
November 10, 2013	\$1.52	2,400,000	2,400,000
December 22, 2013	\$2.50	2,700,000	2,700,000
Total:		5,100,000	5,100,000



The following are details of outstanding compensation warrants as at December 31, 2012 and April 30, 2013:

Expiry Date	Exercise Price Per Share	Number of Underlying Shares (Dec 31/12)	Number of Underlying Shares (Apr 30/13)
December 22, 2013	\$2.50	111,000	111,000
Total:		111,000	111,000

Disclosure Controls and Procedures

The Chief Executive Officer and the Chief Financial Officer of the Company are responsible for evaluating the effectiveness of the Company's disclosure controls and procedures and have concluded, based on our evaluation, that they are effective as at December 31, 2012 to ensure that information required to be disclosed in reports filed or submitted under Canadian securities legislation is recorded, processed, summarized and reported within the time period specified in those rules and regulations.

Internal Controls Over Financial Reporting

The Chief Executive Officer and the Chief Financial Officer of the Company are responsible for designing internal controls over financial reporting, or causing them to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS as issued by the IASB. The Company assessed the design of the internal controls over financial reporting as at December 31, 2012 and concluded that there are material weaknesses in internal controls over financial reporting, which are as follows:

- a) Due to the limited number of staff resources, the Company believes there are instances where a lack of segregation of duties exist to provide effective controls; and
- b) Due to the limited number of staff resources, the Company may not have the necessary in-house knowledge to address complex accounting and tax issues that may arise.

The weaknesses and their related risks are not uncommon in a company the size of the Company because of limitations in size and number of staff. The Company believes it has taken steps to mitigate these risks by increasing financial reporting personnel, consulting outside advisors and involving the Audit Committee and Board of Directors in reviews and consultations where necessary. However, these weaknesses in internal controls over financial reporting could result in a more than remote likelihood that a material misstatement would not be prevented or detected. The Company believes that it must take additional steps to further mitigate these risks by consulting outside advisors on a more regular and timely basis and continuing to do periodic on-site inspections of the accounting records in Mexico.

There have been no changes in the Company's internal controls over financial reporting that occurred during the year ended December 31, 2012 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.



Subsequent Events

Subsequent to December 31, 2012:

- a) 306,518 options were exercised for gross proceeds of \$63,750;
- b) 75,000 options expired unexercised;
- c) 250,000 options were granted to directors, officers, and employees with a weighted average price of \$1.60 and expire in 5 years from the grant date;
- d) The Company entered into a credit facility with Caterpillar Finance permitting the purchase up to US \$5,000,000 of mining and related equipment. The credit facility bears interest at rates ranging from 0% to 4.95% per annum. Equipment leased under the credit facility has terms of 18 months to 60 months. These terms are dependent on the Company's requirements and equipment acquired. The Company has acquired three pieces of mining equipment under the credit facility totaling US\$ 1,457,458. This equipment is in use for current mining operations;
- e) On April 10, 2013 the TSX-V approved to the terms of an option purchase and assignment agreement permitting Benz Capital Corp. to acquire all of Avaron's interest in an option agreement between Avaron and Avino pursuant to which Avaron has the option to acquire from Avino up to an undivided 100% interest in the Eagle Property;

As consideration for the option assignment, Benz has issued 50,000 Common Shares and Avaron has issued 250,000 common shares to Avino as required under the terms of the Option Agreement.

Approval

The Board of Directors of the Company has approved the disclosure contained in this MD&A.

Cautionary Statement

This MD&A is based on a review of the Company's operations, financial position and plans for the future based on facts and circumstances as of April 30, 2013. Except for historical information or statements of fact relating to the Company, this document contains "forward-looking statements" within the meaning of applicable Canadian securities regulations. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from our expectations are disclosed in the Company's documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies we are bound. Forward-looking statements are based on the estimates and opinions of management on the date the statements are made, and we do not undertake any obligation to update forward-looking statements should conditions or our estimates or opinions change. These statements involve known and unknown risks, uncertainties, and other factor that may cause the Company's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievement expressed or implied by these forward-looking statements.