

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 condensed consolidated interim financial statements for the three months ended March 31, 2022, and the Company's audited consolidated financial statements as at and for the year ended December 31, 2021, and the notes thereto.

This Management's Discussion and Analysis ("MD&A") is dated May 11, 2022 and discloses specified information up to that date. The condensed interim consolidated 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 in US dollars. This MD&A contains "forward-looking statements" that are subject to risk factors including those set out in the "Cautionary Statement" at the end of this MD&A. All information contained in this MD&A is current and has been approved by the Company's Board of Directors as of May 11, 2022, unless otherwise indicated. 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 the Company's website at www.avino.com and on SEDAR at www.sedar.com.

Business Description

Founded in 1968, the Company is engaged in the production and sale of silver, gold, and copper bulk concentrate, and the acquisition, exploration, and evaluation of mineral properties. The Company holds mineral claims and leases in Durango, Mexico, and in British Columbia and Yukon, Canada. Avino is a reporting issuer in all of the provinces of Canada, except for Quebec, and a foreign private issuer with the Securities and Exchange Commission in the United States. The Company's shares trade on the Toronto Stock Exchange ("TSX") and the NYSE American under the symbol "ASM", and on the Berlin and Frankfurt Stock Exchanges under the symbol "GV6".

Discussion of Operations

The Company's production, exploration, and evaluation activities during the three months ended March 31, 2022, have been conducted on its Avino Property.

The Company holds a 99.67% 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 1,104 contiguous hectares, and is located approximately 80 km north-east of the city of Durango. The Avino Property is equipped with milling and processing facilities that presently process all output from the Avino Mine located on the property.

Operational Highlights

HIGHLIGHTS (Expressed in US\$)	First Quarter 2022	First Quarter 2021	Change	First Quarter 2022	Fourth Quarter 2021	Change¹
Operating						
Tonnes Milled	111,138	-	100%	111,138	103,513	7%
Silver Ounces Produced	164,358	-	100%	164,358	163,933	-%
Gold Ounces Produced	801	-	100%	801	2,158	-63%
Copper Pounds Produced	1,217,349	-	100%	1,217,349	1,128,728	8%
Silver Equivalent Ounces ¹ Produced	457,798	-	100%	457,798	541,432	-15%
Concentrate Sales and Cash Costs						
Silver Equivalent Payable Ounces Sold ²	495,109	-	100%	495,109	417,881	18%
Cash Cost per Silver Equivalent Payable Ounce ^{1,2,3}	\$ 11.81	\$ -	100%	\$ 11.81	\$ 9.57	23%
All-in Sustaining Cash Cost per Silver Equivalent Payable Ounce ^{1,2,3}	\$ 19.90	\$ -	100%	\$ 19.90	\$ 17.24	15%

1. In Q1 2022, AgEq was calculated using metals prices of \$23.94 oz Ag, \$1,874 oz Au and \$4.53 lb Cu. In Q4 2021, AgEq was calculated using metals prices of \$23.32 oz Ag, \$1,783 oz Au and \$4.40 lb Cu. Q4 2021 was the most recent quarter of consolidated production and is most appropriate for comparison purposes, as there was no production for Q1 2021. Calculated figures may not add up due to rounding.

2. "Silver equivalent payable ounces sold" for the purposes of cash costs and all-in sustaining costs consists of the sum of payable silver ounces, gold ounces and copper tonnes sold, before penalties, treatment charges, and refining charges, multiplied by the ratio of the average spot gold and copper prices to the average spot silver price for the corresponding period.

3. The Company reports non-IFRS measures which include cash cost per silver equivalent payable ounce and all-in sustaining cash cost per payable ounce. These measures are widely used in the mining industry as a benchmark for performance, but do not have a standardized meaning and the calculation methods may differ from methods used by other companies with similar reported measures. See Non-IFRS Measures section for further information and detailed reconciliations.

Financial Highlights

HIGHLIGHTS (Expressed in 000's of US\$)	First Quarter 2022	First Quarter 2021	Change	First Quarter 2022	Fourth Quarter 2021	Change
Financial Operating Performance						
Revenues	\$ 11,050	\$ 29	-%	\$ 11,050	\$ 9,318	19%
Mine operating income (loss)	\$ 4,744	\$ (680)	798%	\$ 4,744	\$ 4,406	8%
Net income (loss)	\$ 646	\$ (1,818)	136%	\$ 646	\$ 2,629	-75%
Earnings (losses) before interest, taxes and amortization ("EBITDA") ¹	\$ 2,777	\$ (1,740)	260%	\$ 2,777	\$ 4,821	-42%
Adjusted earnings (losses) ¹	\$ 3,350	\$ (944)	455%	\$ 3,350	\$ 4,746	-29%
Cash flow from operations before working capital changes	\$ 3,652	\$ (1,093)	434%	\$ 3,652	\$ 4,020	-9%
Per Share Amounts (diluted)						
Earnings (loss) per share	\$ 0.01	\$ (0.02)	150%	\$ 0.01	\$ 0.03	-67%
Adjusted earnings (loss) ¹ per share	\$ 0.03	\$ (0.01)	400%	\$ 0.03	\$ 0.05	-40%
Cash flow per share ¹	\$ 0.03	\$ (0.01)	400%	\$ 0.03	\$ 0.04	-25%
HIGHLIGHTS (Expressed in 000's of US\$)						
	March 31, 2022	March 31, 2021	Change	March 31, 2022	December 31, 2021	Change
Liquidity & Working Capital						
Cash	\$ 11,686	\$ 27,030	-57%	\$ 11,686	\$ 24,765	-53%
Working capital	\$ 14,528	\$ 31,220	-53%	\$ 14,528	\$ 31,635	-54%

1. The Company reports non-IFRS measures which include EBITDA, adjusted earnings, adjusted earnings per share and cash flow per share. These measures are widely used in the mining industry as a benchmark for performance, but do not have a standardized meaning and the calculation methods may differ from methods used by other companies with similar reported measures. See Non-IFRS Measures section for further information and detailed reconciliations.

1st Quarter 2022 Highlights

Closing of Strategic Acquisition of La Preciosa Silver Project from Coeur Mining Inc. ("Coeur")

- On March 21, 2022, the Company announced that it has closed the acquisition with Coeur to acquire the La Preciosa silver project, which is located adjacent to the Avino Mine in the state of Durango, Mexico, for upfront consideration of \$29.7 million on closing and \$5 million due within 12 months of closing. Further contingent consideration including cash, royalties and a mineral reserve discovery payment.

Another Quarter of Steady Production at Avino

- 457,798 silver equivalent ounces were produced in Q1 2022, as the Company continues its ramp-up of production. Q1 2022 marks the second full quarter following the restart of operations in August 2021.

La Potosina Exploration Results Continue to Impress

- On March 9, 2022, the Company announced drill results from the La Potosina area of the Avino property, including 668 g/t AgEq over 2.95 metres. These results are following up on historic results from 2011, which included 2,737 g/t AgEq over 0.40 metres.

Advanced the Oxide Tailings Project

- With the release of the results from the 110 drill-hole program, the Company is moving forward with a comprehensive metallurgical testwork program to progress this project to the next phase of development.

Working Capital & Liquidity at March 31, 2022

- The Company's cash balance at March 31, 2022, totaled \$11.7 million compared to \$24.8 million at December 31, 2021. Working capital totaled \$14.5 million at March 31, 2022, compared to \$31.6 million at December 31, 2021.

Financial Results – Three months ended March 31, 2022, compared to three months ended March 31, 2021

Revenues

The Company recognized revenues net of penalties, treatment costs and refining charges, of \$11.1 million on the sale of Avino Mine bulk copper/silver/gold concentrate, compared to revenues of \$0.03 million for Q1 2021, an increase of \$11.0 million.

The increase in revenues is a direct result of the shutdown of mining operations until August 2021, as well as additional COVID-19 protocols, with the only revenues in the Q1 2021 period being from sales from the finalization of provisionally priced invoices issued during Q3 and Q4 2020.

Metal prices for revenues recognized during the period were \$23.96 per ounce of silver, \$1,866 per ounce of gold, and \$10,047 per tonne of copper, with no comparable prices for Q1 2021, as there were no shipments of metal.

Cost of Sales & Mine Operating Income

Cost of sales was \$6.3 million, compared to \$0.7 million in Q1 2021, an increase of \$5.6 million. The increase in cost of sales is attributable to mining operations being active in Q1 2022, with no tonnage being mined and milled during Q1 2021. Any cost of sales in Q1 2021 related to depreciation and stand-by costs while the mining operations were shutdown.

Mine operating income, after depreciation and depletion, was \$4.7 million, compared to a loss of \$0.7 million in Q1 2021. The increase in mine operating income is a direct result of the Company being in production for Q1 2022 and making consistent concentrate deliveries.

General and Administrative Expenses & Share-Based Payments

General and administrative expenses was \$1.1 million, compared to \$0.9 million in Q1 2021, with the increases coming from the increased corporate activity surrounding ramp up procedures and the acquisition of La Preciosa.

Share-based payments was \$0.2 million, compared to \$0.6 million in Q1 2021, a decrease of \$0.4 million. The decrease is a direct result of the 2022 option and RSU grants coming later in Q1 2022, with minimal vesting during the current period, with only historical RSU grants also vesting. Increased levels of share-based payments in Q1 2021 are a result of the vesting of stock options and RSUs at higher valuations when they were issued in 2020.

Other Items

Other Items totaled a loss of \$1.2 million for the period, an increase of \$1.2 million compared to Nil related to other items in Q1 2021.

Unrealized loss on long-term investment was \$0.7 million, an increase of \$0.6 million compared to a loss of \$0.1 million in Q1 2021. This is a direct result of fluctuations in the Company's investment in shares of Talisker Resources from period to period, as well as the Company's investment in shares of Silver Wolf Exploration.

Fair value adjustment on warrant liability was a gain of \$0.2 million, a decrease to income of \$0.6 million compared to a gain of \$0.8 million in Q1 2021. The fair value adjustment on the Company's warrant liability relates to the issuance of US dollar-denominated warrants, which are re-valued each reporting period, and the value fluctuates with changes in the US-Canadian dollar exchange rate, and in the variables used in the valuation model, such as the Company's US share price, and expected share price volatility.

Realized loss on warrants exercised was Nil for Q1 2022, a decrease of \$1.0 million compared to \$1.0 million in Q1 2021. During Q1 2021, 0.9 million warrants were exercised, with no warrants exercised in the current period.

Foreign exchange loss for the period was \$0.6 million, a change of \$0.9 million compared to a gain of \$0.3 million in Q1 2022. Foreign exchange gains or losses result from transactions in currencies other than the Canadian dollar functional currency. During the three months ended December 31, 2021, the Canadian dollar and the US dollar depreciated slightly in relation to the Mexican peso, resulting in a foreign exchange loss. During the three months ended March 31, 2021, the US dollar appreciated slightly in relation to the Canadian dollar but depreciated in relation to the Mexican peso, resulting in a foreign exchange loss.

The remaining Other Items resulted in a loss of \$0.1 million, a change of \$0.1 million compared to no other impact for Q1 2021.

Current and Deferred Income Taxes

Current income tax expense increased to \$0.1 million in Q1 2022, compared to Nil in income tax expense for Q1 2021. Given the return to profitable mining operations, the higher amount of current income tax expenses in Q1 2022 is a result of income generated in the current quarter.

Deferred income tax expense was \$1.5 million, a change of \$1.9 million compared to a recovery of \$0.4 million in Q1 2021. Deferred income tax fluctuates due to movements in taxable and deductible temporary differences related to the special mining duty in Mexico and to changes in inventory, plant, equipment and mining properties, and exploration and evaluation assets, amongst other factors. The changes in current income taxes and deferred income taxes during the current and comparable periods primarily relate to movements in the tax bases and mining profits and/or losses in Mexico.

Net Income/Loss

Net income from all operations was \$0.6 million for the period, or \$0.01 per share, compared to a loss of \$1.8 million, or \$0.02 per share during Q1 2021. The changes are a result of the items noted above, which are primarily increases in revenues and mine operating income, decreases in share-based payments between the two comparable quarters. The positive movement in income/loss was partially offset by movements in unrealized foreign exchange, an increase to general and administrative expenses and an increased unrealized loss on investments as noted above.

EBITDA & Adjusted Income/Loss (see "Non-IFRS Measures")

EBITDA was \$2.8 million, a positive increase of \$4.5 million when compared to losses of \$1.7 million for Q1 2021. The changes in EBITDA are primarily a factor of the items above, excluding any changes in depreciation and depletion, and any changes in income taxes. See Non-IFRS Measures for a reconciliation for EBITDA.

Adjusted earnings for the period was \$3.4 million, a positive increase of \$4.3 million when compared to adjusted losses of \$0.9 million in the corresponding quarter in 2021. Changes to adjusted losses are a result of the items noted above in EBITDA, further excluding share-based payments, gains and losses related to warrants, movements in unrealized foreign exchange, and stand-by costs (only applicable for Q1 2021). See Non-IFRS Measures for a reconciliation for adjusted losses.

Cash Costs & All-in Sustaining Cash Costs (see "Non-IFRS Measures")

Cash costs per silver equivalent payable ounce, excluding stand-by costs, was \$11.81, compared to Nil for Q1 2021. Throughout Q1 2021, no production mining activities took place, and thus there is no comparable cash cost per silver equivalent payable ounce for Q1 2021.

All-in sustaining cash costs per silver equivalent payable ounce was \$19.90, compared to Nil for Q1 2021. Throughout Q1 2021, no production mining activities took place, and thus there is no comparable All-in sustaining cash cost per silver equivalent payable ounce for Q1 2021.

See Non-IFRS Measures for a reconciliation for cash costs and all-in sustaining cash costs.

Three months ended March 31, 2022, compared to the three months ended March 31, 2021:

(000's)	2022	2021
Revenue from mining operations	\$ 11,050	\$29
Cost of sales	6,306	709
Mine operating income (loss)	4,744	(680)
Operating expenses		
General and administrative expenses	1,116	934
Share-based payments	200	616
Income (loss) before other items	3,428	(2,230)
Other items		
Interest and other income	(7)	22
Loss on long-term investments	(686)	(68)
Fair value adjustment on warrant liability	233	788
Realized loss on exercise of warrants	-	(1,005)
Unrealized foreign exchange gain (loss)	(605)	283
Project evaluation expenses	(81)	-
Finance costs	(13)	(21)
Accretion of reclamation provision	(10)	(11)
Interest expense	(21)	(2)
Net income (loss) before income taxes	2,238	(2,244)
Income taxes		
Current income tax expense	(140)	(12)
Deferred income tax (expense) recovery	(1,452)	438
Income tax (expense) recovery	(1,592)	426
Net income (loss)	\$646	\$(1,818)
Earnings (loss) per share		
Basic	\$0.01	\$(0.02)
Diluted	\$0.01	\$(0.02)

Consolidated Production Highlights

Q1 2022					
Production by Mine	Tonnes Processed	Silver oz	Gold oz	Copper lbs	AgEq oz
Avino	111,138	164,358	801	1,217,349	457,798
Historic Above Ground Stockpiles	-	-	-	-	-
Consolidated	111,138	164,358	801	1,217,349	457,798

Q1 2022						
Grade & Recovery by Mine	Grade Ag g/t	Grade Au g/t	Grade Cu %	Recovery Ag %	Recovery Au %	Recovery Cu %
Avino	50	0.29	0.56	92%	77%	89%
Historic Above Ground Stockpiles	-	-	-	-%	-%	-%
Consolidated	50	0.29	0.56	92%	77%	89%

Avino Mine Production Highlights

	Q1 2022	Q1 2021	Change* %	Q1 2022	Q4 2021	Change* %
Total Mill Feed (dry tonnes)	111,138	-	100%	111,138	103,513	7%
Feed Grade Silver (g/t)	50	-	100%	50	56	-10%
Feed Grade Gold (g/t)	0.29	-	100%	0.29	0.86	-66%
Feed Grade Copper (%)	0.56	-	100%	0.56	0.55	1%
Recovery Silver (%)	92%	-	100%	92%	89%	1%
Recovery Gold (%)	77%	-	100%	77%	75%	3%
Recovery Copper (%)	89%	-	100%	89%	90%	3%
Total Silver Produced (oz)	164,358	-	100%	164,358	163,933	%
Total Gold Produced (oz)	801	-	100%	801	2,158	-63%
Total Copper Produced (lbs)	1,217,349	-	100%	1,217,349	1,128,728	8%
Total Silver Equivalent Produced (oz)*	457,798	-	100%	457,798	541,432	-15%

*In Q1 2022, AgEq was calculated using metals prices of \$23.94 oz Ag, \$1,874 oz Au and \$4.53 lb Cu. In Q4 2021, AgEq was calculated using metals prices of \$23.32 oz Ag, \$1,783 oz Au and \$4.40 lb Cu. Q4 2021 was the most recent quarter of consolidated production and is most appropriate for comparison purposes, as there was no production for Q1 2021. Calculated figures may not add up due to rounding.

Under National Instrument 43-101, the Company is required to disclose that it has not based its production decisions on NI 43-101-compliant reserve estimates, preliminary economic assessments, or feasibility studies, and historically projects without such reports have increased uncertainty and risk of economic viability. The Company's decision to place a mine into operation at levels intended by management, expand a mine, make other production-related decisions, or otherwise carry out mining and processing operations is largely based on internal non-public Company data, and on reports based on exploration and mining work by the Company and by geologists and engineers engaged by the Company. The results of this work are evident in the Company's discovery of the San Gonzalo and Avino Mine resources, and in the Company's record of mineral production and financial returns since operations at levels intended by management commenced at the San Gonzalo Mine in 2012.

Exploration

The Company has budgeted 15,000 metres of drilling in 2022, with a focus on La Potosina, at depth below the current Elena Tolosa production area and further drilling of 17 additional holes on the Oxide Tailings project. To date, the Company has completed 5,075 metres of drilling in 2022.

La Potosina

On March 9, 2022, the Company released drill results from the 2021 drilling campaign at La Potosina. In 2021, the Company drilled over 2,400 metres on this area and it remains of the Company's main focuses for the 2022, with over 6,000 metres planned.

Highlights from the 2021 drill program are as follows:

Hole LP-21-06 from 333.05m to 337.45m returns 4.40 metres at 270 g/t Ag, 2.5% Zn and 0.9% Pb (463 g/t AgEq)

Including 333.05m to 333.25m returns 0.20 metres at 1,257 g/t Ag, 4.4% Zn and 2.8% Pb (1,641 g/t AgEq)

Including 335.55m to 335.90m returns 0.35 metres at 510 g/t Ag, 5.0% Zn and 2.2% Pb (918 g/t AgEq)

Including 335.90m to 336.35m returns 0.45 metres at 406 g/t Ag, 4.2% Zn and 1.3% Pb (717 g/t AgEq)

Hole LP-21-07 from 151.70 to 154.65 returns 2.95 metres at 617 g/t Ag and 0.40 g/t Au (668 g/t AgEq)

The La Potosina Vein is a typical low-sulfidation epithermal structure and is similar to the San Gonzalo Vein previously mined at the San Gonzalo Mine. The La Potosina Vein is NW-trending and dips towards the southwest. The vein consists of multiple quartz phases, with adularia, rhodonite, disseminated pyrite, arsenopyrite, as well as base metal sulfides such as galena and sphalerite, and chalcopyrite occurs as a minor component and becomes more prominent with increasing depth below surface. Higher silver grades in the La Potosina Vein appear to occur at elevations 2,100 metres above sea level. The silver minerals consist of silver sulfosalts such as pyrargyrite and proustite that commonly form in low temperature environments and some minor argentite. Abundant galena (associated with silver and sphalerite) are present in Hole LP-21-06, at a relatively low elevation of 1,900 metres above sea level, suggesting a source in the base sulfide zone.

The ongoing exploration model will focus on verifying the continuity of the vein along strike trending NW at elevations above 2,100 metres while looking for favorable dilation structures in the northwest.

Full details on La Potosina, including the current and historical drill results tables, are available in our March 9, 2022 news release [here](#)

Oxide Tailings Project

On April 7, 2022, the Company released drill results from its 110 hole drill campaign on the Oxide Tailings project, including 0.76 g/t Au over 19.5 metres in the Oxide Zone – Recent.

The 2021 drill program included 110 drill holes for a total of 3,645 metres of drilling. The drilling follows up the 2015/2016 campaign for which the 2016 NI 43-101 Preliminary Economic Assessment ("PEA") is based on, which can be found on Avino's SEDAR profile. The drill density of the current program should be sufficient to upgrade most of the existing inferred mineral resources to the measured and indicated categories, and to potentially expand the resources. Furthermore, a comprehensive sampling program is underway for an upcoming metallurgical testing program. Once completed and assuming results are conclusive, the existing PEA will be used as the framework for an updated study with the intention of increasing confidence to the Pre-Feasibility Study level.

Selected highlights are shown below with the complete list of drill results available at this [link](#)

HOLE ID	SULPHIDE ZONE			OXIDE ZONE - RECENT			OXIDE ZONE - HISTORIC		
	DEPTH (m)	Au (g/t)	Ag (g/t)	DEPTH (m)	Au (g/t)	Ag (g/t)	DEPTH (m)	Au (g/t)	Ag (g/t)
PJ-21-01	16.50	0.21	17	21.60	0.50	35	18.90	0.64	78
PJ-21-02	16.50	0.22	17	22.50	0.56	36	18.00	0.59	71
PJ-21-36	18.00	0.18	15	19.50	0.43	30	12.00	0.57	91
PJ-21-37	18.00	0.19	16	19.50	0.42	31	12.00	0.63	73
PJ-21-45	21.00	0.24	18	19.50	0.53	32	13.50	0.49	46
PJ-21-46	30.00	0.25	18	13.50	0.57	36	11.90	0.41	55
PJ-21-60	16.50	0.31	27	15.00	0.74	40	15.00	0.59	80
PJ-21-61	16.50	0.39	31	15.00	0.61	31	16.50	0.57	67
PJ-21-62	16.50	0.34	35	13.50	0.57	34	18.00	0.60	49
PJ-21-63	15.00	0.28	28	18.00	0.48	30	15.00	0.47	57
PJ-21-74	9.00	0.19	15	22.50	0.55	41	13.50	0.52	67
PJ-21-75	16.50	0.18	15	16.50	0.65	42	12.00	0.51	82
PJ-21-87				19.50	0.76	46	9.00	0.70	100
PJ-21-88				19.50	0.73	39	15.00	0.73	79

As the holes are drilled vertically the mineralization represents true width (depth)

The plans for 2022 include an additional 17 holes to confirm the extent of the resource. Full details are available in our April 7, 2022 news release [here](#).

The oxide tailings deposit is located to the southwest of the Avino mine and mill complex and is the current tailings facility for the Avino mill. Over Avino's 54-year history the mine has operated for various periods of time and as such, generated different types of tailings. There are 3 distinct zones of tailing identified that correspond to the timeline of extraction from the earlier operations. The historic oxides are tailings that were generated prior to the 1980's from the open pit mine on Avino's property. The recent oxides consist of tailings from the processing operation from the 1980's until the late 1990's. Finally, the sulfide tailings are the recent tailings from when the operation recommenced in 2011.

Qualified Person(s)

Peter Latta, P.Eng, MBA, VP Technical Services, Avino, is a qualified person within the context of National Instrument 43-101, and has reviewed and approved the technical data in this document.

Non – IFRS Measures

EBITDA and Adjusted earnings

Earnings, or loss, before interest, taxes and amortization (“EBITDA”) is a non IFRS financial measure which excludes the following items from net earnings:

- Income tax expense
- Finance cost
- Amortization and depletion

Adjusted earnings excludes the following additional items from EBITDA

- Share based compensation;
- Non-operational items including foreign exchange movements, fair value adjustments on outstanding warrants and other non-recurring items

Management believes EBITDA and adjusted earnings provides an indication of continuing capacity to generate operating cash flow to fund capital needs, service debt obligations and fund capital expenditures. These measures are intended to provide additional information to investors and analysts. There are not standardized definitions under IFRS and should not be considered in isolation or as a substitute for measures of operating performance prepared in accordance with IFRS.

Adjusted earnings excludes share-based payments, and non-operating or recurring items such as foreign exchange gains and losses and fair value adjustments on outstanding warrants. Under IFRS, entities must reflect within compensation expense the cost of share-based payments. In the Company’s circumstances, share-based compensation can involve significant amounts that will not be settled in cash but are settled by issuance of shares in exchange. The Company discloses adjusted earnings to aid in understanding the results of the company.

The following table provides a reconciliation of net earnings in the financial statements to EBITDA and adjusted earnings:

Expressed in 000's of US\$, unless otherwise noted	Q1 2022	Q1 2021	Q1 2022	Q4 2021
Net income (loss) for the period	\$ 646	\$ (1,818)	\$ 646	\$ 2,629
Depreciation and depletion	489	492	489	778
Interest income and other	7	(22)	7	(35)
Interest expense	21	2	21	9
Finance cost	13	21	13	6
Accretion of reclamation provision	10	11	10	11
Current income tax expense	140	12	140	2
Deferred income tax expense (recovery)	1,452	(438)	1,452	1,421
EBITDA	\$ 2,778	\$ (1,740)	\$ 2,778	\$ 4,821
Fair value adjustment on warrant liability	(233)	(788)	(233)	(21)
Realized loss on warrants exercised	-	1,005	-	-
Share-based payments	200	616	200	78
Stand-by costs during strike action	-	246	-	-
Foreign exchange loss (gain)	605	(283)	605	(132)
Adjusted earnings (loss)	\$ 3,350	\$ (944)	\$ 3,350	\$ 4,746
Shares outstanding (diluted)	107,234,957	96,204,148	107,234,957	103,938,699
Adjusted earnings (loss) per share	\$ 0.03	\$ (0.01)	\$ 0.03	\$ 0.05

Cash cost per payable ounce, all-in sustaining cash cost per payable ounce, and cash flow per share

Cash cost per payable ounce, all-in sustaining cash cost per payable ounce, and cash flow per share 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 is similar to that reported by other mining companies. Total cash cost per payable ounce, all-in sustaining cash cost per payable ounce, and cash flow per share are measures used by the Company to manage and evaluate operating performance of the Company's mining operations, and are widely reported in the silver and gold mining industry as benchmarks for performance, but do not have standardized meanings prescribed by IFRS, and are disclosed in addition to IFRS measures.

Management believes that the Company's ability to control the cash cost per payable silver equivalent ounce is one of its key performance drivers impacting both the Company's financial condition and results of operations. Achieving a low silver equivalent production cost base allows the Company to remain profitable from mining operations even during times of low 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 improve the Company's financial condition.

The Company has adopted the reporting of "all-in sustaining cash cost per silver equivalent payable ounce". This measure has no standardized meaning throughout the industry. However, it is intended to provide additional information. Avino presents all-in sustaining cash cost, because it believes that it more fully defines the total current cost associated with producing a silver equivalent payable ounce. Further, the Company believes that this measure allows investors of the Company to better understand its cost of producing silver equivalent payable ounces, and better assess the Company's ability to generate cash flow from operations. Although the measure seeks to reflect the full cost per silver equivalent ounce of production from current operations, it does not include capital expenditures attributable to mine expansions, exploration, and evaluation costs attributable to growth projects, income tax payments, and financing costs. In addition, the calculation of all-in sustaining cash costs does not include depreciation and depletion expense as it does not reflect the impact of expenditures incurred in prior periods.

The Company's calculation of all-in sustaining cash costs includes sustaining capital expenditures of \$576 for the three months ended March 31, 2022 (March 31, 2021 - \$103) and all of which is attributable to the Avino Mine

The Company also presents cash flow per share, as it believes it assists investors and other stakeholders in evaluating the Company's overall performance and its ability to generate cash flow from current operations. To facilitate a better understanding of these measures as calculated by the Company, detailed reconciliations between the non-IFRS measures and the Company's consolidated financial statements are provided below. The measures presented are intended to provide additional information, and should not be considered in isolation nor should they be considered substitutes for IFRS measures. Calculated figures may not add up accurately due to rounding.

Cash Cost and All-in Sustaining Cash Cost per Silver Equivalent Payable Ounce

The following table provide a reconciliation of cost of sales from the consolidated financial statements to cash cost and all-in sustaining cash cost per silver equivalent payable ounce sold. In each table, "silver equivalent payable ounces sold" consists of the sum of payable silver ounces, gold ounces and copper tonnes sold, before penalties, treatment charges, and refining charges, multiplied by the ratio of the average spot gold and copper prices for the corresponding period.

The following table reconciles cost of sales to cash cost per payable AgEq oz and all-in sustaining cash cost per payable AgEq oz for the three months ended March 31, 2022, and 2021:

Expressed in 000's of US\$, unless otherwise noted	Avino		AHAG Stockpiles		Consolidated	
	Q1 2022	Q1 2021	Q1 2022	Q1 2021	Q1 2022	Q1 2021
Cost of sales	\$ 6,306	\$709	\$ -	\$ -	\$ 6,306	\$709
Stand-by costs during strike action	-	(246)	-	-	-	(246)
Depletion and depreciation	(459)	(463)	-	-	(459)	(463)
Cash production cost	5,847	-	-	-	5,847	-
Payable silver equivalent ounces sold	495,109	-	-	-	495,109	-
Cash cost per silver equivalent ounce	\$ 11.81	\$ -	\$ -	\$ -	\$ 11.81	\$ -
General and administrative expenses	1,316	1,550	-	-	1,316	1,550
Treatment & refining charges	766	-	-	-	766	-
Penalties	1,578	-	-	-	1,578	-
Sustaining capital expenditures	576	103	-	-	576	103
Stand-by costs during stoppages	-	246	-	-	-	246
Share-based payments and G&A depreciation	(230)	(645)	-	-	(230)	(645)
Cash operating cost	\$ 9,853	\$1,254	\$ -	\$ -	\$ 9,853	\$1,254
AISC per silver equivalent ounce	\$ 19.90	\$ -	\$ -	\$ -	\$ 19.90	\$ -

The following table reconciles cash cost per AgEq oz production cost to all-in sustaining cash cost per AgEq oz for the three months ended March 31, 2022, and three months ended December 31, 2021:

Expressed in 000's of US\$, unless otherwise noted	Avino		AHAG Stockpiles		Consolidated	
	Q1 2022	Q4 2021	Q1 2022	Q4 2021	Q1 2022	Q4 2021
Cost of sales	\$ 6,306	\$ 4,766	\$ -	\$ 146	\$ 6,306	\$ 4,912
Depletion and depreciation	(459)	(728)	-	(13)	(459)	(741)
Cash production cost	5,847	4,038	-	133	5,847	4,171
Payable silver equivalent ounces sold	495,109	417,881	-	18,004	495,109	435,885
Cash cost per silver equivalent ounce	\$ 11.81	\$ 9.67	\$ -	\$ 7.37	\$ 11.81	\$ 9.57
General and administrative expenses	1,316	928	-	39	1,316	967
Treatment & refining charges	766	510	-	19	766	529
Penalties	1,578	1,181	-	19	1,578	1,200
Sustaining capital expenditures	576	774	-	-	576	774
Share-based payments and G&A depreciation	(230)	(120)	-	(5)	(230)	(125)
Cash operating cost	\$ 9,853	\$ 7,311	\$ -	\$ 205	\$ 9,853	\$ 7,516
AISC per silver equivalent ounce	\$ 19.90	\$ 17.50	\$ -	\$ 11.37	\$ 19.90	\$ 17.24

Operating Cash Flow & Cash Flow per Share

Cash flow per share is determined based on operating cash flows before movements in working capital, as illustrated in the consolidated statements of cash flows, divided by the basic and diluted weighted average shares outstanding during the three months March 31, 2022 and 2021, as well as three months ended December 31, 2021.

	Q1 2022	Q1 2021	Q1 2022	Q4 2021
Operating cash flows before movements in working capital	\$ 3,652	\$ (1,093)	\$ 3,652	\$ 4,020
Weighted average number of shares outstanding				
Basic	103,819,481	96,204,148	103,819,481	102,243,211
Diluted	107,234,957	96,204,148	107,234,957	103,938,699
Cash Flow per Share – diluted	\$ 0.03	\$ (0.01)	\$ 0.03	\$ 0.04

Working Capital

	March 31, 2022	December 31, 2021
Current assets	\$ 24,663	\$ 35,478
Current liabilities	(10,135)	(3,843)
Working capital	\$ 14,528	\$ 31,635

Results of Operations

Summary of Quarterly Results

(000's)	2022 Mar 31 Q1	2021 Dec 31 Q4	2021 Sep 30 Q3	2021 Jun 30 Q2	2021 Mar 31 Q1	2020 Dec 31 Q4	2020 Sep 30 Q3	2020 Jun 30 Q2
Revenue	\$ 11,050	\$ 9,318	\$ 1,881	\$ -	\$ 29	\$ 1,407	\$ 2,659	\$ 4,840
Net income (loss) from all operations for the quarter	646	2,629	(214)	(2,654)	(1,818)	(1,555)	(4,589)	(1,276)
Earnings (loss) per share from all operations - basic	\$0.01	\$0.03	\$(0.00)	\$(0.03)	\$(0.02)	\$(0.02)	\$(0.05)	\$(0.02)
Earnings (loss) per share from all operations - diluted	\$0.01	\$0.04	\$(0.00)	\$(0.03)	\$(0.02)	\$(0.02)	\$(0.05)	\$(0.02)
Total Assets	\$111,413	\$86,264	\$82,109	\$83,024	\$84,550	\$68,780	\$71,638	\$70,970

- Revenue increased in Q1 2022 and Q4 2021 compared to previous quarters, due to the restart of operations during Q3 2021 and the commencement of sales in September 2021.
- Net income was generated in Q1 2022 and Q4 2021 increased primarily due to higher mine operating income compared with prior quarters, partially offset by higher current and deferred income taxes.

- Total assets increased at March 31, 2022 compared to previous quarters, as result of the acquisition of La Preciosa as well as the increased operating cash flow generation.

Quarterly results will fluctuate with changes in revenues, cost of sales, general and administrative expenses, including non-cash items such as share-based payments, and other items including foreign exchange and deferred income taxes.

Liquidity and Capital Resources

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

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

Intended Use of Proceeds	Actual Use of Proceeds
<p>During 2021, the Company received net proceeds of \$18.1 million in connection with a brokered at-the-market offering issued under prospectus supplements, \$0.8 million in connection with warrants exercised and \$0.2 million in connection with stock options exercised.</p>	<p>As of the date of this MD&A, the Company is using the funds as intended. During 2021, the Company announced an increase to its exploration from 12,000 to 30,600 metres of exploration and resource drilling. As of the date of this MD&A, over 20,000 metres of the program had been completed.</p> <p>The Company will use the gross proceeds raised from the at-the-market offering, as well as warrants and options exercised, for advancing the development of other areas of the Avino Mine, and its operations and production, and to a lesser extent, for general working capital.</p> <p>In supporting mining operations in Mexico, the Company incurred expenditures of \$0.1 million for exploration and evaluation activities, acquired property and equipment of \$0.9 million, made lease and loan repayments of \$0.3 million, and acquired la Preciosa for net cash consideration of \$15.3 million during the three months ended March 31, 2022.</p>

Intended Use of Proceeds	Actual Use of Proceeds
During 2020, the Company received net proceeds of \$4.7 million in connection with a brokered at-the-market offering issued under prospectus supplements and \$3.7 million in connection with warrants exercised.	As of the date of this MD&A, the Company had used, and was continuing to use, the funds as intended. There has been no impact on the ability of the Company to achieve its business objectives and milestones. The Company intends to continue to explore its properties, as described above, subject to market conditions and the ability to continue to obtain suitable financing.
In May 2015, the Company entered into a master credit facility with Sandvik Customer Finance LLC for \$5.0 million. The facility is being used to acquire equipment necessary for continuing exploration activities at the Avino and Bralorne Mines.	As of the date of this MD&A, the Company had used, and was continuing to use, the facility as intended, and there was \$5.0 million in available credit remaining under the facility. There has been no impact on the ability of the Company to achieve its business objectives and milestones.

Discussion and analysis relating to the Company's liquidity as at March 31, 2022 and December 31, 2021, as well as movements in cash flow during the three months ended March 31, 2022 and 2021, is as follows:

Statement of Financial Position

(000's)	March 31, 2022	December 31, 2021
Cash	\$ 11,686	\$ 24,765
Working capital	14,528	31,635
Accumulated Deficit	(55,307)	(55,953)

Cash Flow

(000's)	March 31, 2022	March 31, 2021
Cash generated by operating activities	\$ 3,450	\$ (1,245)
Cash generated by (used in) financing activities	(290)	16,914
Cash used in investing activities	(16,246)	(404)
Change in cash	(13,086)	15,265
Effect of exchange rate changes on cash	7	52
Cash, beginning of period	24,765	11,713
Cash, end of period	\$ 11,686	\$ 27,030

Operating Activities

Cash generated by operating activities for the three months ended March 31, 2022, was \$3.5 million compared to \$1.2 million used for the three months ended March 31, 2021. Cash movements from operating activities can fluctuate with changes in net income, non-cash items, such as foreign exchange and deferred income tax expenses, and working capital.

Financing Activities

Cash used in financing activities was \$0.3 million for the three months ended March 31, 2022, compared to \$16.9 million for the three months ended March 31, 2021. Cash generated by financing activities for the three months ended March 31, 2021, relates to the issuance of shares for cash, by way of at-the-market sales and the exercise of warrants and stock options. Cash used in financing activities relates to the repayment of the term facility, as well as on its existing equipment loans and finance leases for mining equipment.

During the three months ended March 31, 2022, the Company received net proceeds from issuance of shares for cash of Nil (March 31, 2021 - \$16.9 million), received proceeds from warrants exercise of Nil (March 31, 2021 - \$0.8 million) and received proceeds from stock options exercised by \$0.03 million (March 31, 2021 - \$0.2 million). The Company also made term facility repayments of Nil (March 31, 2021 - \$0.8 million) and made finance lease and equipment loan payments totalling \$0.3 million (March 31, 2021 - \$0.1 million).

Investing Activities

Cash used in investing activities for the three months ended March 31, 2022, was \$16.2 million compared to \$0.4 million for the three months ended March 31, 2021. Cash used in investing activities included cash capital expenditures and exploration and evaluation expenditures of \$0.9 million (March 31, 2021 - \$0.4 million) on the acquisition of property and equipment and exploration expenditures, as well as \$15.3 million related to the acquisition of La Preciosa.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Transactions with Related Parties

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 months ended March 31, 2022 and 2021 is as follows:

	Three months ended March 31,	
	2022	2021
Salaries, benefits, and consulting fees	\$ 439	\$ 235
Share-based payments	157	488
	\$ 596	\$ 723

(b) Amounts due to 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 due to related parties:

	March 31, 2022	December 31, 2021
Oniva International Services Corp.	\$ 108	\$ 107
Directors	43	56
	\$ 151	\$ 163

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 three months ended March 31, 2022, the Company paid \$126 (March 31, 2021 - \$59) 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. 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.

The transactions with Oniva during the three months ended March 31, 2022 and 2021 are summarized below:

	March 31, 2022	March 31, 2021
Salaries and benefits	\$ 220	\$ 191
Office and miscellaneous	97	105
	\$ 317	\$ 296

Financial Instruments and Risks

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 four (December 31, 2021 – two) counterparty. 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 highly-rated nature of the counterparties.

The Company's maximum exposure to credit risk at the end of any period is equal to the carrying amount of these financial assets as recorded in the unaudited consolidated statement of financial position. At March 31, 2022, 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 March 31, 2022, in the amount of \$11,686 and working capital of \$14,528 in order to meet short-term business requirements. Accounts payable have contractual maturities of approximately 30 to 90 days, or are due on demand and are subject to normal trade terms. The current portions of term facility, equipment loans, and finance lease obligations are due within 12 months of the consolidated statement of financial position date. Amounts due to related parties are without stated terms of interest or repayment.

The maturity profiles of the Company's contractual obligations and commitments as at March 31, 2022, are summarized as follows:

	Total	Less Than 1 Year	1-5 years	More Than 5 Years
Accounts payable and accrued liabilities	\$ 4,609	\$ 4,609	\$ -	\$ -
Amounts due to related parties	151	151	-	-
Minimum rental and lease payments	884	94	336	454
Note payable	5,000	5,000	-	-
Finance lease obligations	1,936	771	1,165	-
Total	\$ 12,580	\$ 10,625	\$ 1,501	\$ 454

(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 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:

	March 31, 2022		December 31, 2021	
	MXN	CDN	MXN	CDN
Cash	\$ 3,096	\$ 1,039	\$ 3,576	\$ 1,450
Long-term investments	-	4,164	-	4,976
Reclamation bonds	-	6	-	6
Amounts receivable	499	31	-	33
Accounts payable and accrued liabilities	(12,574)	(464)	(57,604)	(211)
Due to related parties	-	(188)	-	(206)
Finance lease obligations	(2,766)	(342)	(1)	(394)
Net exposure	(11,745)	4,246	(54,029)	5,654
US dollar equivalent	\$ (587)	\$ 3,398	\$ (2,363)	\$ 4,054

Based on the net US dollar denominated asset and liability exposures as at March 31, 2022, a 10% fluctuation in the US/Mexican and Canadian/US exchange rates would impact the Company's earnings for the three months ended March 31, 2022, by approximately \$250 (year ended December 31, 2021 - \$143). 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 March 31, 2022, 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 \$84 (December 31, 2021 - \$26).

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 March 31, 2022, a 10% change in market prices would have an impact on net earnings (loss) of approximately \$333 (December 31, 2021 - \$330).

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 7 *Financial Instruments: Disclosures* establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table sets forth the Company's financial assets and financial liabilities measured at fair value on a recurring basis by level within the fair value hierarchy as at March 31, 2022:

	Level 1	Level 2	Level 3
Financial assets			
Cash	\$ 11,686	\$ -	\$ -
Amounts receivable	-	2,602	-
Long-term investments	3,332	-	-
Total financial assets	\$ 15,018	\$ 2,602	\$ -
Financial liabilities			
Warrant liability	-	-	(2,773)
Total financial liabilities	\$ -	\$ -	\$ (2,773)

The Company uses Black-Scholes model to measure its Level 3 financial instruments. As at March 31, 2022, 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 three months ended March 31, 2022 and the year ended December 31, 2021, see Note 13 of the condensed consolidated interim statements of operations.

Risks associated with Public Health Crises, including COVID-19

The Company's business, operations and financial condition could be materially adversely affected by the outbreak of epidemics, pandemics or other health crises, such as the outbreak of COVID-19 that was designated as a pandemic by the World Health Organization on March 11, 2020. The international response to the spread of COVID-19 has led to significant restrictions on travel, temporary business closures, quarantines, global stock market volatility and a general reduction in consumer activity. Such public health crises can result in operating, supply chain and project development delays and disruptions, global stock market and financial market volatility, declining trade and market sentiment, reduced movement of people and labour shortages, and travel and shipping disruption and shutdowns, including as a result of government regulation and prevention measures, or a fear of any of the foregoing, all of which could affect commodity prices, interest rates, credit risk and inflation. In addition, the current COVID-19 pandemic, and any future emergence and spread of similar pathogens could have an adverse impact on global economic conditions which may adversely impact the Company's operations, and the operations of suppliers, contractors and service providers, including smelter and refining service providers, and the demand for the Company's production.

The Company may experience business interruptions, including suspended (whether government mandated or otherwise) or reduced operations relating to COVID-19 and other such events outside of the Company's control, which could have a material adverse impact on its business, operations and operating results, financial condition and liquidity.

As at the date of this MD&A, the duration of the business disruptions internationally and related financial impact of COVID-19 cannot be reasonably estimated. It is unknown whether and how the Company may be affected if the pandemic persists for an extended period of time. In particular, the region in which we operate may not have sufficient public infrastructure to adequately respond or efficiently and quickly recover from such event, which could have a materially adverse effect on the Company's operations. The Company's exposure to such public health crises also includes risks to employee health and safety. Should an employee, contractor, community member or visitor become infected with a serious illness that has the potential to spread rapidly, this could place the Company's workforce at risk.

Mexico has been particularly impacted by the COVID-19 pandemic. The Company's mining operations have been temporarily shut-down since April 2020, first as a result of governmental COVID-19 quarantine and containment measures, and later in July 2020 due to a labour strike, which was resolved in October 2020. The labour settlement agreement must be approved by the Mexican governmental labour authority. On August 3, 2021, the Company announced that mining operations had resumed. Although the Company takes appropriate measures and safeguards to protect its staff from infection, these events can result in volatility and disruption to supply chains, operations, transportation, and mobility of people, which are beyond the control of the Company, and which have had and could continue to adversely affect the availability of components, supplies and materials, labour, interest rates, credit ratings, credit risk, inflation, business operations, financial markets, exchange rates, and other factors material to the Company, including in particular, the Company's revenues and concentrate delivery schedule.

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 the "Transactions with Related Parties" section.

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:

	March 31, 2022	December 31, 2021
Not later than one year	\$ 94	\$ 96
Later than one year and not later than five years	336	330
Later than five years	454	462
	\$ 884	\$ 888

Office lease payments recognized as an expense during the three months ended March 31, 2022, totalled \$16 (March 31, 2021 - \$12).

Subsequent Events

Option agreement – Subsequent to March 31, 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, 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.

Share issuance for advisory services – Subsequent to March 31, 2022, the Company issued 1,075,000 common shares as settlement of accrued advisory services provided by Cantor Fitzgerald Canada Corporate for the completion of the acquisition of La Preciosa.

Outstanding Share Data

The Company's authorized share capital consists of an unlimited number of common shares without par value.

As at May 11, 2022 the following common shares, warrants, and stock options were outstanding:

	Number of shares	Exercise price	Remaining life (years)
Share capital	117,366,211	-	-
Warrants (US\$)	8,950,412	\$0.80 - \$1.09	1.38 – 1.38
Restricted Share Units ("RSUs")	3,238,477	-	0.28 – 2.87
Stock options	5,156,000	C\$0.79 - C\$1.98	0.36 – 4.87
Fully diluted	134,711,100		

The following are details of outstanding stock options as at March 31, 2022 and May 11, 2022:

Expiry Date	Exercise Price Per Share	Number of Shares Remaining Subject to Options (March 31, 2022)	Number of Shares Remaining Subject to Options (May 11, 2022)
September 20, 2022	C\$1.98	880,000	880,000
August 28, 2023	C\$1.30	105,000	105,000
August 21, 2024	C\$0.79	126,000	126,000
August 4, 2025	C\$1.64	1,680,000	1,680,000
March 25, 2027	C\$1.20	2,365,000	2,365,000
Total:		5,156,000	5,156,000

The following are details of outstanding warrants as at March 31, 2022 and May 11, 2022:

Expiry Date	Exercise Price Per Share	Number of Underlying Shares (March 31, 2022)	Number of Underlying Shares (May 11, 2022)
September 21, 2023	\$1.09	7,000,000	7,000,000
September 25, 2023	\$0.80	1,950,412	1,950,412
Total:		8,950,412	8,950,412

The following are details of outstanding RSUs as at March 31, 2022 and May 11, 2022:

Expiry Date	Number of Shares Remaining Subject to RSUs (March 31, 2022)	Number of Shares Remaining Subject to RSUs (May 11, 2022)
August 21, 2022	539,733	539,733
August 4, 2023	899,744	899,744
March 25, 2025	1,799,000	1,799,000
Total:	3,238,477	3,238,477

Recent Accounting Pronouncements

Application of new and revised accounting standards:

Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. The amendments are applied on or after the first annual reporting period beginning on or after January 1, 2022, with early application permitted. The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the Company first applies the amendments. This amendment will impact the Company's accounting for proceeds from mineral sales prior to reaching commercial production at levels intended by management.

Future Changes in Accounting Policies Not Yet Effective as at March 31, 2022:

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.

Disclosure Controls and Procedures

Management has designed and evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures on financial reporting (as defined in NI 52-109 - Certification of Disclosure in Issuers' Annual and Interim Filings) and has concluded that, based on its evaluation, they are effective as of March 31, 2022, to provide reasonable assurance that material information relating to the Company and its consolidated subsidiaries is made known to management and disclosed in accordance with applicable securities regulations.

Internal Controls over Financial Reporting ("ICFR")

The management of the Company is responsible for establishing and maintaining adequate internal controls over financial reporting. Internal controls over financial reporting is a process to provide reasonable assurance regarding the reliability of the Company's financial reporting for external purposes in accordance with IFRS. Internal controls over financial reporting includes maintaining records that in reasonable detail accurately and fairly reflect the Company's transactions and dispositions of the assets of the Company; providing reasonable assurance that transactions are recorded as necessary for preparation of the Company's consolidated financial statements in accordance with IFRS; providing reasonable assurance that receipts and expenditures are made in accordance with authorizations of management and the directors of the Company; and providing reasonable assurance that unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the Company's consolidated financial statements would be prevented or detected on a timely basis. Our management and the Board of Directors do not expect that our disclosure controls and procedures or internal controls over financial reporting will prevent all errors or all instances of fraud. A control system, no matter how well designed and operated, can provide only reasonable (not absolute) assurance that the control system's objectives will be met. Further, the design, maintenance and testing of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs.

Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control gaps and instances of fraud have been detected. These inherent limitations include the reality that

judgment in decision-making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design, maintenance and testing of any system of controls is based in part upon certain assumptions about the likelihood of future events, and any control system may not succeed in achieving its stated goals under all potential future conditions.

Management conducted an evaluation of the effectiveness of the Company's internal controls over financial reporting based on the framework and criteria established in Internal Control – Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013) ('COSO'). This evaluation included review of the documentation of controls, evaluation of the design effectiveness of controls, testing of the operating effectiveness of controls and a conclusion on this evaluation.

Based on this evaluation, management concluded that as of March 31, 2022, the Company's internal controls over financial reporting, as defined in NI 52-109 - Certification of Disclosure in Issuer's Annual and Interim Filings, are effective to achieve the purpose for which they have been designed.

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 May 11, 2022. 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. Forward-looking statements in this document include, but are not limited to, those regarding the economic outlook for the mining industry, expectations regarding metals prices, expectations regarding production output, production costs, cash costs and other operating results, expectations regarding growth prospects and the outlook for the Company's operations, and statements regarding the Company's liquidity, capital resources, and capital expenditures. 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, except as required by applicable securities regulations. These statements involve known and unknown risks, uncertainties, and other factors 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 achievements expressed or implied by these forward-looking statements.