

Transcript of
Avino Silver & Gold Mines Ltd.
Avino Silver & Gold Mines Ltd. Q2 2025 Financial Results Conference Call & Webcast
August 14, 2025

Participants

Jennifer North - Head of Investor Relations, Avino Silver & Gold Mines Ltd.
David Wolfin - President & CEO, Director, Avino Silver & Gold Mines Ltd.
Nathan Harte - CFO, Avino Silver & Gold Mines Ltd.
Peter Latta - VP Technical Services, Avino Silver & Gold Mines Ltd.

Analysts

Jacob Sekelsky - Alliance Global Partners
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Heiko Ihle - H.C. Wainwright

Newsletter writer

Chris Temple - National Investor

Presentation

Operator

Welcome to the Avino Silver & Gold Mines Second Quarter 2025 Financial Results Conference Call and Webcast. As a reminder all participants are in listen-only mode and the conference is being recorded. After the presentation, there will be an opportunity to ask questions. [Operator Instructions]

I would now like to turn the conference over to Jennifer North, Head of Investor Relations. Please go ahead.

Jennifer North - Head of Investor Relations, Avino Silver & Gold Mines Ltd.

Thank you, operator. Good morning, everyone, and welcome to the Avino Silver & Gold Mines Limited second quarter financial results conference call and webcast. To join this webcast and call, there is a link in our news release dated July 22, 2025, and in our news release of yesterday's date, which can be found on the website under News 2025. In addition, a link can be found on the homepage of the Avino website.

On the call today, we have the company's President and CEO, David Wolfin; our Chief Financial Officer, Nathan Harte; our Chief Operating Officer, Carlos Rodriguez; and our VP, Technical Services, Peter Latta.

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Before we get started, please note that certain statements made today on this call by the management team may include forward-looking information within the meaning of applicable securities laws. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results to be materially different than those expressed by or implied by such forward-looking statements.

The company does not intend to and does not assume any obligation to update such forward-looking statements or information other than as required by applicable law. For more information, we refer you to our detailed cautionary note in the presentation related to this call or on our press release of yesterday's date. The full financial statements and MD&A are now available on our website under the Investors tab and then click on Financial Statements. In addition, the full statements are available on Avino's profile on SEDAR+ and on EDGAR.

I would like to remind everyone that this conference call is being recorded and will be available for replay later today. Replay information and the presentation slides from this call and webcast will be available on our website. Also, please note that all figures stated are in U.S. dollars, unless otherwise noted. Thank you.

I will now hand over the call to Avino's President and CEO, David Wolfin. David?

David Wolfin - President & CEO, Director, Avino Silver & Gold Mines Ltd.

Thanks, Jen. Good morning, everyone, and welcome to Avino's second quarter 2025 financial results conference call and webcast. We will cover the highlights of our financial and operating performance, and then we will go over the work we are currently doing, followed by a Q&A. I will start with a discussion on operations, and then I will turn it over to Nathan Harte, Avino's CFO, to discuss the financial performance for the period. And then Jennifer North, our Head of Investor Relations will present an overview of Q2 CSR ESG initiatives.

Please turn to Slide 5 for our Q2 2025 highlights. Avino delivered another quarter of strong financial performance posting robust revenues, higher operating margins, improved cost metrics and increased working capital, demonstrating strength across several key financial metrics. Nathan will provide a detailed overview of the financials later in the call.

The second quarter results built on financial success we saw in the first quarter. With confidence in our strategic direction, we are focused on sustaining our momentum in reaching our new milestones. Our balance sheet remains strong with just over \$37 million in cash at the end of June and working capital of over \$40 million at the end of the quarter. Our operations team continues to drive meaningful cost improvements while development of La Preciosa is progressing according to plan. Backed by strong operational performance, Avino remains firmly on track to deliver long-term growth for all stakeholders and shareholders.

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Moving on to Slide 6. We turn to our Q2 2025 production results that were released in mid-July showing that we've maintained strong production momentum through the first half of the year. Compared to Q2 2024 results were as follows: Silver equivalent production increased by 5% to almost 646,000 silver equivalent ounces in Q2. The increase was driven by significantly improved mill availability.

Avino achieved record mill throughput of 190,987 tonnes of material processed, a 36% increase from Q2 of last year. Gold production increased by 17% as a result of the increased tonnes processed as well as improvements in gold recoveries to 74% from 70% in Q2 2024. Copper production increased by 12%, reaching 1.5 million pounds of copper in Q2. Silver production for the quarter was just under 284,000 ounces, representing a slight decrease of 3% compared to Q2 2024. During the quarter, feed grade for the three metals were lower than the previous quarter as our mine sequencing put us in a lower grade area.

Please turn to Slide 7, which highlights the Q2 updates. The highlights of the quarter was achieving the highest mill throughput in Avino's history, a milestone made possible by previous plant upgrades, automation enhancements and the exceptional work of our operations team. Additionally, efficiency improvements implemented in earlier periods are now yielding measurable and positive results.

Moving on to La Preciosa. Blasting and construction of the relatively short 360-meter San Fernando main access decline is underway with expedited equipment mobilization which has allowed the development to advance on plan. The new jumbo drill is working on the ramp as it progresses towards intercepting the Gloria and Abundancia Veins. Site services have been installed and an existing building has been renovated for site personnel.

We are now halfway through the year, and we are making steady progress towards the milestone of including La Preciosa material into our production profile. With strong performance at the Avino Mine year-to-date and the continued advancement at La Preciosa, we remain on track with our transformational growth strategy. Avino's 2025 annual production guidance is 2.5 million to 2.8 million ounces of silver equivalent.

Please turn to Slide 8, where we will have photos of recent development activity, including a picture of the first blast. We are pleased with the progress we are making at La Preciosa and with operations at Avino.

At this time, I will now hand it over to Nathan Harte, Avino's CFO, to present a record financial performance for Q2 2025. Nathan?

Nathan Harte - CFO, Avino Silver & Gold Mines Ltd.

Thank you, David. It is my pleasure to be presenting another quarter of strong financial and operating results to everyone who has joined us and is viewing our presentation today.

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Here on Slide 9, we have an overview of our financial highlights and improved balance sheet with the full table to come on the next slide. Our second quarter results continue to demonstrate profitability and our ability to grow. We generated \$21.8 million in revenues, up 47% from Q2 of 2024 and was our second highest in company history, beating last quarter's revenue figures by over \$3 million. Gross profit was \$10.2 million, our third consecutive quarter with over \$10 million in mine operating income. Gross profit margins were 45%, inclusive of noncash depreciation and depletion which has significantly improved from the 32% margin in Q2 of last year. On a cash basis, our gross profit margin was 52%.

Avino earned \$2.9 million in net income in the second quarter, which translated to earnings per share of \$0.02. This was up significantly compared to Q2 of last year where we earned \$1.2 million or \$0.01 per share. Adjusted earnings was \$8.8 million or \$0.06 per share compared to \$4.3 million or \$0.03 per share in Q2 of last year, an over 100% improvement.

Cash flow from operating activities and free cash flow improved from last quarter as well as from Q2 of last year. We generated \$8.5 million from operating activities or \$0.06 per share, and free cash flow after all capital expenditures came in at \$4.4 million. Included in these capital expenditures were the development cost at La Preciosa in Q2. And on a stand-alone basis, free cash flow from the Avino operation was \$6.5 million.

Our cash cost per silver equivalent ounce was \$15.11, down 7% from Q2 of last year. And on an all-in sustaining cash cost basis, we came in just under \$21 per silver equivalent sold, which was 8% lower than Q2 of last year. As mentioned last quarter, this puts us in the lower quartile of our junior producing peers and in the mid-range with intermediate producers in Mexico.

Now moving on to the balance sheet. Our cash position was \$37.3 million at the end of the quarter, up over \$10 million from last quarter and year-end. Working capital also increased by over \$9 million from the first quarter as a result of the increased cash. Subsequent to quarter end and as of today, our current cash position is approximately \$48 million.

As discussed on our call, we have also begun deploying capital at La Preciosa as we move forward with development. With no debt, excluding operating equipment, we continue to be well positioned to execute on our five year organic growth plan and continue with reviews for acceleration and increases to the existing plan based on our improved capitalization and balance sheet.

Coming to Slide 10, you see all other financial metrics and the significant increases compared to Q2 and year-to-date figures in 2024. Capital expenditures in Q2 were \$4.1 million, with over half of that being spent at La Preciosa on mine development and site activities, highlighting again the per share metrics where we saw \$0.06

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earned on a cash flow basis and on adjusting earnings basis. And free cash flow generated in the quarter was \$4.4 million.

Here on Slide 11, you can see our cash cost per ounce figures were improved from Q2 of last year at \$15.11 as mentioned. This represents an improvement of 7% from Q2 of 2024. And on a year-to-date basis, cash costs were \$13.97, a 10% improvement from the first half of 2024. On an all-in sustaining cash cost basis, our second quarter costs were \$20.93 per silver equivalent ounce, down 8% from Q2 of last year.

On a year-to-date basis, costs averaged \$20.54 per ounce, which was 4% lower than the first half of 2024. As we manage our first stage of growth, we are pleased that our cost structure remains intact, even with the increased administrative activity arising from bringing a second mine online. We look forward to further economies of scale as La Preciosa begins producing and contributing to our overall production profile.

Coming to Slide 12, you can see our cost per tonne processed for the quarter and year-to-date continue to remain fairly consistent. Cost per tonne processed on a cash basis was \$52.61 down 24% compared to Q2 of last year. The reduction is primarily from significantly more tonnes processed and better mill availability in Q2 of this year as our operational team has been working diligently to maintain as little downtime as possible.

In the first half of the year, we came in 7% lower than the first half of 2024 on a per tonne basis. On the all-in cost side for the quarter, a very similar story with a 23% reduction on a per tonne processed basis for the quarter and an 8% reduction overall on the first half of the year. Our cost per tonne remains extremely competitive for an underground operation, as shown by our profit margins, our cost structure remains intact and we are poised to take advantage of the increased metal price environment as we transition to being a multi-asset producer.

Tariff discussions continue to put uncertainty in the currencies in which we operate in and reducing risk associated with these costs will be key throughout the rest of the year. While there have been no direct significant impacts to our operations from tariffs, we are subject to movements between the USD and Mexican peso.

Our current hedging program for the Mexican peso offset any foreign exchange losses incurred with the weakening U.S. dollar in Q2, and we currently have a \$1.5 million derivative asset on our balance sheet, which represents the mark-to-market balance at the end of the quarter with most, if not all, of our hedges being in the money.

At this point, I will now turn it over to Jennifer North, Head of Investor Relations, for an overview of our recent ESG and CSR initiatives.

Jennifer North - Head of Investor Relations, Avino Silver & Gold Mines Ltd.

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Thank you, Nathan. Please follow along to Slide 13 for an update of our ESG CSR initiatives. Avino follows the ESG standards and aligns with the United Nations Sustainable Development Goals or the SDGs. There are 17 SDGs, which were developed as a call to action by all countries developed and developing in a global partnership.

During the second quarter, the CSR teams led the following strategic projects in the communities. Delivery of low cost water tanks and cisterns, a trench was prepared to channel rainwater from the mine, a five hectare community reforestation has been approved and ongoing with 1,100 plants per hectare planned. A total of 67 families in the community received solar boilers at reduced costs made possible through company-led facilitation of a subsidy program. And a donation was made to the mining and history museum in the city of Durango for an exhibition space dedicated to Avino.

There are several ongoing CSR initiatives, and we regularly post photos to our Corporate Social Responsibility tab on our website. We also wanted to highlight that we now have published Avino's inaugural Sustainability Report on our website. This marks a major milestone in our journey toward greater accountability and responsible growth, and it reflects our commitment to transparency, continuous improvement and long-term value creation for all stakeholders.

I will now turn it back over to David to continue with the presentation providing our activities for the coming quarter. David?

David Wolfin - President & CEO, Director, Avino Silver & Gold Mines Ltd.

Thanks, Jen. Moving to Slide 14, summarizing our upcoming activities. With regards to our exploration resource and reserve update, which we mentioned in our Q2 production news release in July, the 2025 delineation drilling commenced at the Avino Mine in April with the program consisting of nine planned holes from surface. The objective is to test the down-dip extension of the Avino Vein below the current lowest mining level following the trend of previous drilling reported on September 14, 2023. The Avino deposit remains open at depth and earlier results have shown comparable grades and widths to those currently being mined.

Over at La Preciosa, a second surface drill was deployed to confirm prior drill results from previous operators and to improve the understanding of the grade donation close to the scheduled mining areas near the ramp. To date, three drill holes have been completed with drilling ongoing. Drilling information will be utilized in underground mine planning, 3D modeling as well as an update to the resource estimate due in Q1 2026.

In addition, Avino is planning on releasing its first mineral reserve estimate at the same time as the company has now met the requirements for producing issuer under the National Instrument 43-101 standards of disclosure for mineral projects. At Avino, we are currently mining and hauling from Level 12.5 at Elena Tolosa mine. And

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just as mentioned, exploration drilling is ongoing on the Avino Vein below the ET Mine.

Together, our strong Q2 financial operation results continue to position Avino favorably as we advance towards our transformational growth objectives, particularly with the development of La Preciosa. We encourage you to visit the Avino website to view all the recent photo highlighting the work at La Preciosa and the Avino Mine.

As outlined on Slide 15, we want to emphasize again the company's growth strategy. Within a 20-kilometer footprint, we have three key assets, including our operating mill complex, which currently produces material from our Avino Mine. We have additional access to water, power and tailing storage, all of which support our ability to expand production efficiently.

Collectively, our assets host 277 million silver equivalent ounces in the measured and indicated mineral resources category, and an additional 94 million silver equivalent ounces in the inferred mineral resources category, providing a strong foundation for future production growth. As you can see on this slide, our goal is to scale up by 2029 through production from these three key assets. Leveraging our existing assets and resources, we are well positioned to execute our growth plans efficiently and effectively.

We concluded the quarter with more record breaking financial metrics, which reflects the strength of our strategy and dedication of our team, both which drive our success as we pursue the next phase of growth. On behalf of our leadership, thank you to our entire team for your efforts and contributions. We appreciate the continued confidence of our shareholders with a clear vision and a disciplined approach to growth. We're confident that long-term shareholders will be well positioned to share in the success we are working hard to achieve.

We'd now like to move the call to the question-and-answer portion. Operator?

Operator

Thank you. We will now begin the question-and-answer session. [Operator Instructions] We will pause for a moment as the callers join the queue. Your first question for today is from Jake Sekelsky with Alliance Global Partners.

Q: Hey, David, Nathan and team. Thanks for taking my question.

Nathan Harte - CFO, Avino Silver & Gold Mines Ltd.

Hey, Jake.

Q: So starting with the access decline at La Preciosa, it sounds like we're making good progress there. Can you just remind us what this timeline looks like for intercepting these veins?

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David Wolfin - President & CEO, Director, Avino Silver & Gold Mines Ltd.

Well, David here. We've intercepted Abundancia this week. And so Gloria is a few more weeks away, but it's happening right now.

Q: Perfect. That's helpful. And then just building on that, the broader ramp of throughput at La Preciosa. How should we be thinking about this heading into 2026? And do you have a targeted mill throughput percentage in mind? Or are you still kind of working through that as we head into the second half of the year here?

Nathan Harte - CFO, Avino Silver & Gold Mines Ltd.

Hey, Jake, Nathan here. And Peter, maybe can expand afterwards. But for this year, it's going to be development ore for a little bit. So we're not providing any specific throughput per day targets. Obviously, next year, the goal is to get up to filling the two smaller circuits, which, as you know, it's four independent circuits, two smaller circuits are about 200 to 250 tonnes per day. So the goal is to get up to 400 to 500 tonnes per day throughout the latter part of next year.

Q: Got it. Okay. And then just lastly, I'm just curious, how are you guys thinking about M&A with where precious metals prices have been? I guess I'm wondering if you feel your plate is full with La Preciosa or if you're seeing anything attractive on the external growth side of things?

David Wolfin - President & CEO, Director, Avino Silver & Gold Mines Ltd.

We're remaining disciplined, and we're focused on organic growth with our three key assets. And we have been shown projects, but at the moment, we're just remaining focused on organic growth and capital discipline.

Q: Fair enough. That's all for me. I'll hop back in queue.

Operator

Your next question is from Heiko Ihle with H.C. Wainwright.

Q: Hi, this is Keith filling in for Heiko. He's not able to make the call. But two questions, in the release you mentioned the improvements in the mill availability during the second quarter a few times. I guess this leads to an obvious question of what have you guys seen in the third quarter so far? And would you suggest maybe a trend line in Q2 for the remainder of the year?

Nathan Harte - CFO, Avino Silver & Gold Mines Ltd.

Hey, Heiko. Nathan here. Peter, do you want to take that one?

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Peter Latta - VP Technical Services, Avino Silver & Gold Mines Ltd.

Yes, I can certainly take that one. Regarding third quarter, I mean we are just according to the mine plan in a bit of a lower area. We are higher up in the mine, and there is some oxidization that does happen. So that does impact recoveries a little bit. But things are scheduled to turn with higher grades later in the quarter. So that's it at this point.

Q: Okay. Great. Thank you. A quick follow-up. In the news release where you discussed La Preciosa, there's a sentence there that quote, "Site services have been installed and the existing building has been renovated for site personnel." What exactly do you guys mean by site services have been installed?

Peter Latta - VP Technical Services, Avino Silver & Gold Mines Ltd.

Things like compressed air, things like ventilation, things like just a changing room for the guys. We have a number of employees and contractors now on site. The site is getting busier, power, things like that.

Q: Okay. Perfect. Thank you very much. I'll hop back in the queue.

David Wolfin - President & CEO, Director, Avino Silver & Gold Mines Ltd.

Thank you.

Operator

Your next question for today is from Joseph Reagor with ROTH Capital.

Q: Hey, David and team. Congrats on a good quarter.

David Wolfin - President & CEO, Director, Avino Silver & Gold Mines Ltd.

Thanks, Joe.

Nathan Harte - CFO, Avino Silver & Gold Mines Ltd.

Thanks, Joe.

Peter Latta - VP Technical Services, Avino Silver & Gold Mines Ltd.

Thanks, Joe.

Q: So as you guys think about the balance sheet, is there a targeted cash balance you guys are trying to get to, to provide support for some future expansions? Or is there a certain cash balance that just would make you guys feel more comfortable

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as you go into the La Preciosa development? And then on the back of that, can you remind us like what you have left on your ATM?

Nathan Harte - CFO, Avino Silver & Gold Mines Ltd.

Yes, Joe, it's a fair question. Nathan here. So the first part of the question, I wouldn't say an exact cash balance to be fair. We're looking at all of our capital expansion plans. And as we mentioned in the call, we're reevaluating them as well and looking at expansion at the Avino mill. But then we also have the Oxide Tailings project to consider too and as well as potential expansion plans for La Preciosa. So between all three, it's hard to say about a minimum cash balance, but we're really just evaluating capital needs over the next couple of years and seeing if we will need more. But right now, we're just kind of remaining disciplined.

And with regards to the second point of the question, on the ATM, as we hit 52-week highs, we did use it a little bit to top up the cash position, again, looking to that future growth. I think as of right now, there's still over two-thirds of room left on the ATM, and that was \$40 million. But no plans to use all of that at this time.

Q: Okay. Okay. And then a different question. Just as you guys look at the different factors that impact your revenue, inventory shifts, treatment charges, payability, et cetera. Should we be reading anything into how these items have changed over the last couple of quarters? Or is it just normal quarter fluctuations?

Nathan Harte - CFO, Avino Silver & Gold Mines Ltd.

Yes. It's a fair question. I'm guessing you might be alluding to lower TCs and RCs and penalties kind of compared to our revenue number. Is that kind of where you're going with that, Joe?

Q: Yes. So those were both lower and then you guys sold more silver equivalent ounces than you produce. So I'm guessing there was some inventory drawdown. But just trying to figure out what we should anticipate across the Board going forward?

Nathan Harte - CFO, Avino Silver & Gold Mines Ltd.

Yes, that's fair. So I would say we are obviously getting better terms on their improved terms. I think that we've done some work with Samsung and improving some of our terms on what we're selling them, and they've been a great partner in helping both sides reach a good agreement on that side.

I know we mentioned on the last call as well, too, from Q1 and even our year-end one. We make a point of clearing out inventory and concentrate inventory a little bit at the end of the year. So we do build back up in Q1, and that's why you see generally higher production versus ounces sold in the first quarter. And sometimes consequently, in the fourth quarter, you see that opposite. But Q2 and Q3 are generally fairly flat. So I don't know if that can be helpful for you moving forward.

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Q: Sure. That's helpful. I think with that I'll turn it over. Thanks.

Nathan Harte - CFO, Avino Silver & Gold Mines Ltd.

Thanks Joe.

David Wolfin - President & CEO, Director, Avino Silver & Gold Mines Ltd.

Thank you.

Operator

Your next question for today is from Chris Temple with the National Investor.

Q: Hey, all. Good show again. David, I got a question, actually a clarification. You repeated some of the resource figures that you have right now totally, I think 277 million silver equivalent M&I and 90-some million in inferred. But you also said something about getting set up to be an NI 43-101 issuer by next year. So I'm a little confused as to what the basis is or what the formula is for the present resources?

David Wolfin - President & CEO, Director, Avino Silver & Gold Mines Ltd.

That's just so we qualify to be able to publish reserves. So the rule is under National Instrument 43-101, if you don't have a feasibility study, you have to have 90 million, is it Nate?

Nathan Harte - CFO, Avino Silver & Gold Mines Ltd.

Yes. There's a rule about annual and three year rolling revenue before qualifying for that under the Canadian standards. And so we met that standard by the end of 2024. So moving forward, we can issue mineral reserves. And yes, we can speak more to that off-line in more detail, I think, Chris, but that's the basis of it.

David Wolfin - President & CEO, Director, Avino Silver & Gold Mines Ltd.

But leading up to that, we're doing all this drilling. So we're really excited about what we're going to publish next year.

Q: Okay. So it's not so much to your formula and how you come about with the reserves has changed that much. It's just for the reporting requirements since you're a producer.

David Wolfin - President & CEO, Director, Avino Silver & Gold Mines Ltd.

That's the only thing.

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Q: All right.

Peter Latta - VP Technical Services, Avino Silver & Gold Mines Ltd.

And Chris, just to jump in, there's a difference between resources and reserves. So the resource thing is not going to change there, but the reserve thing is new for us.

Q: Okay. Got you. That helps too. All right. Thanks guys.

Peter Latta - VP Technical Services, Avino Silver & Gold Mines Ltd.

Thank you.

Operator

[Operator Instructions] We have reached the end of the question-and-answer session. And I will now turn the call over to David Wolfin, President and CEO, for closing remarks.

David Wolfin - President & CEO, Director, Avino Silver & Gold Mines Ltd.

With another strong quarter behind us, which included excellent operational performance, a very healthy cash position and an additional quarter of record working capital of over \$40 million, Avino is well positioned to capitalize on positive market trends in the precious metals sector. We are focused on a track to deliver sustainable growth and long-term value for our stakeholders and shareholders.

Thank you for joining the Avino Q2 call today. Have a nice day.

Operator

This concludes today's conference, and you may disconnect your lines at this time. Thank you for your participation.