EDGAR SUBMISSION SUMMARY

Submission Type	**20-F**
Live File	**On**
Return Copy	**On**
Exchange	**NONE**
Confirming Copy	**Off**
Filer CIK	**0000316888**
Filer CCC	**xxxxxxxx**
Period of Report	**12-31-2018**
Emerging Growth Company	**Yes**
Elected not to use the extended transition period for complying with any new or revised financial accounting standards	**No**
Notify via Filing website Only	**Off**
Emails	**file@discountedgar.com**

Documents

Form Type	File Name	Description
20-F	avino_20f.htm	FORM 20-F
EX-4.10	avino_ex410.htm	INTERMARK CAPITAL CORPORATION CONSULTING AGREEMENT
EX-4.13	avino_ex413.htm	2016 RESTRICTED SHARE UNIT PLAN
EX-4.14	avino_ex414.htm	2018 RESTRICTED SHARE UNIT PLAN
EX-4.15	avino_ex415.htm	2018 STOCK OPTION PLAN
EX-4.19	avino_ex419.htm	AGENCY AGREEMENT
EX-4.20	avino_ex420.htm	AMENDED AND RESTATED
EX-4.21	avino_ex421.htm	UNDERWRITING AGREEMENT
EX-8.1	avino_ex81.htm	LIST OF SUBSIDIARIES
EX-12.1	avino_ex121.htm	CERTIFICATION
EX-12.2	avino_ex122.htm	CERTIFICATION
EX-13.1	avino_ex131.htm	CERTIFICATION
EX-13.2	avino_ex132.htm	CERTIFICATION
EX-13.3	avino_ex133.htm	CONSENT
EX-13.4	avino_ex134.htm	CONSENT
EX-13.5	avino_ex135.htm	CONSENT
EX-13.6	avino_ex136.htm	CONSENT
EX-13.7	avino_ex137.htm	CONSENT
EX-101.INS	avino-20181231.xml	XBRL INSTANCE DOCUMENT
EX-101.SCH	avino-20181231.xsd	XBRL TAXONOMY EXTENSION SCHEMA
EX-101.CAL	avino-20181231_cal.xml	XBRL TAXONOMY EXTENSION CALCULATION LINKBASE
EX-101.DEF	avino-20181231_def.xml	XBRL TAXONOMY EXTENSION DEFINITION LINKBASE
EX-101.LAB	avino-20181231_lab.xml	XBRL TAXONOMY EXTENSION LABEL LINKBASE
EX-101.PRE	avino-20181231_pre.xml	XBRL TAXONOMY EXTENSION PRESENTATION LINKBASE
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Module and Segment References

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F

☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

or

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **December 31, 2018**

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

or

☐ SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report_____

For the transition period from _____ to _____

Commission File Number **001-35254**

AVINO SILVER & GOLD MINES LTD.

(Exact name of Registrant as specified in its charter)

Not Applicable
(Translation of Registrant's name into English)

British Columbia, Canada
(Jurisdiction of incorporation or organization)

570 Granville Street, Suite 900 Vancouver, British Columbia V6C 3P1, Canada
(Address of principal executive offices)

David Wolfin, Chief Executive Officer
570 Granville Street, Suite 900 Vancouver, British Columbia V6C 3P1, Canada,
Tel: 604-682-3701, Email: dwolfin@avino.com
(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Common Shares, without Par Value	**NYSE American, LLC**
Title of Each Class	Name of Each Exchange on Which Registered

Securities registered or to be registered pursuant to Section 12(g) of the Act:

Not Applicable
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

Not Applicable
(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

There were 63,337,769 common shares, without par value, issued and outstanding as of December 31, 2018.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ☐ Yes ☒ No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. ☐ Yes ☒ No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of "large accelerated filer, "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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

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

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

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☐ | International Financial Reporting Standards as issued by the International Accounting Standards Board ☒ | Other ☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17 ☐ Item 18 ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS.)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes ☐ No ☐

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Nomenclature

In this Annual Report on Form 20-F, which we refer to as the "Annual Report", except as otherwise indicated or as the context otherwise requires, the "Company", "Avino", "we", "our" or "us" refers to Avino Silver & Gold Mines Ltd. and its subsidiaries.

You should rely only on the information contained in this Annual Report. We have not authorized anyone to provide you with information that is different. The information in this Annual Report may only be accurate on the date of this Annual Report or on or as at any other date provided with respect to specific information.

Forward-looking Statements

Certain statements contained in this document, other than statements of historical fact, including, without limitation, those concerning the economic outlook for the silver mining industry, expectations regarding silver prices, production (or, "extracting and processing resources"), cash costs and other operating results, growth prospects and outlook of the Company's operations, individually or in the aggregate, including the commencement of extracting and processing resources at levels intended by management at certain of the Company's projects, the Company's liquidity and capital resources and capital expenditures, and the outcome and consequences of any potential or pending litigation or regulatory proceedings, contain forward-looking statements regarding the Company's operations, economic performance and financial condition.

These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in these forward-looking statements. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, amongst other factors, changes in economic and market conditions, success of business and operating initiatives, changes in the regulatory environment and other government actions, fluctuations in silver prices and exchange rates, political changes in Mexico, competition for resource properties and infrastructure in the mineral exploration industry, the Company's ability to obtain additional financing, and business and operational risk management and other factors as determined in "Item 3.D. Key Information – Risk factors" and elsewhere in this annual report. These factors are not necessarily all of the important factors that could cause the Company's actual results to differ materially from those expressed in any forward-looking statements. Other unknown or unpredictable factors could also have material adverse effects on future results.

The Company undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this annual report or to reflect the occurrence of unanticipated events, except as may be required by law. All subsequent written or oral forward-looking statements attributable to the Company or any person acting on its behalf are qualified by the cautionary statements herein.

Status as an Emerging Growth Company

We are an "emerging growth company" as defined in Section 3(a) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**") by the Jumpstart Our Business Startups Act of 2012 (the "**JOBS Act**"), and we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies. We will continue to qualify as an "emerging growth company" until the earliest to occur of: (a) the last day of the fiscal year during which we had total annual gross revenues of US$1,000,000,000 (as such amount is indexed for inflation every 5 years by the SEC) or more; (b) the last day of our fiscal year following the fifth anniversary of the date of the first sale of common equity securities pursuant to an effective registration statement under the Securities Act; (c) the date on which we have, during the previous 3-year period, issued more than US$1,000,000,000 in non-convertible debt; or (d) the date on which we are deemed to be a "large accelerated filer", as defined in Exchange Act Rule 12b-2. After fiscal year 2019, we will no longer be deemed an emerging growth company.

Currency

Effective January 1, 2017, the Company changed its presentation currency to US dollars from Canadian dollars. The Company believes that the change in presentation currency will provide shareholders with a better reflection of the Company's business activities and to enhance the comparability of the Company's financial information to its peers. All references to dollar amounts are expressed in the lawful currency of the United States of America, unless indicated otherwise. Per share amounts are expressed in United States dollars**, unless indicated otherwise**. All references to Canadian dollars will be indicated with a "C$".

Foreign Private Issuer Filings

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

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

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

Cautionary Note to United States Investors Concerning Estimates of Measured and Indicated Mineral Resources

In Canada, an issuer is required to provide technical information with respect to mineralization, including reserves and resources, if any, on its mineral exploration properties in accordance with Canadian requirements, which differ significantly from the requirements of the Securities and Exchange Commission (the "SEC") applicable to registration statements and reports filed by United States companies pursuant to the United States Securities Act of 1933, as amended (the "Securities Act"), or the United States Securities Exchange Act of 1934, as amended (the "Exchange Act"). As such, information contained in this Annual Report concerning descriptions of mineralization under Canadian standards may not be comparable to similar information made public by United States companies subject to the reporting and disclosure requirements of the SEC. In particular this Annual Report on Form 20-F includes the terms "mineral resource," "measured mineral resource," "indicated mineral resource" and "inferred mineral resource". Investors are advised that these terms are defined in and required to be disclosed under Canadian rules by National Instrument 43-101 ("NI 43-101"). **U.S. investors are cautioned not to assume that any part of the mineral deposits in these categories will ever be converted into reserves.** However, these terms are not defined terms under SEC Industry Guide 7 and are not permitted to be used in reports and registration statements filed with the SEC by U.S. domestic issuers. In addition, NI 43-101 permits disclosure of "contained ounces" of mineralization. In contrast, the SEC only permits issuers to report mineralization as in place tonnage and grade without reference to unit measures.

The definitions of proven and probable reserves used in NI 43-101 differ from the definitions in SEC Industry Guide 7. Under SEC Industry Guide 7 (under the Exchange Act), as interpreted by the staff of the SEC, mineralization may not be classified as a "reserve" for United States reporting purposes unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. Among other things, all necessary permits would be required to be in hand or issuance imminent to classify mineralized material as reserves under the SEC standards.

United States investors are cautioned not to assume that any part or all of the mineral deposits identified as an "indicated mineral resource," "measured mineral resource" or "inferred mineral resource" will ever be converted to mineral reserves as defined in NI 43-101 or SEC Industry Guide 7. Further, "inferred mineral resources" have a great amount of uncertainty as to their existence and economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian securities legislation, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies, or economic studies except as may be permitted under NI 43-101. **U.S. investors are cautioned not to assume that part or all of an inferred mineral resource exists, or is economically or legally mineable.**

Glossary of Mining Terms

agglomeration	*Cementing crushed or ground rock particles together into larger pieces, usually to make them easier to handle; used frequently in heap-leaching operations.*
anomalous	*A value, or values, in which the amplitude is statistically between that of a low contrast anomaly and a high contrast anomaly in a given data set.*
anomaly	*Any concentration of metal noticeably above or below the average background concentration.*
assay	*An analysis to determine the presence, absence or quantity of one or more components.*
breccia	*A rock in which angular fragments are surrounded by a mass of finer-grained material.*
cretaceous	*The geologic period extending from 135 million to 65 million years ago.*
cubic meters or m^3	*A metric measurement of volume, being a cube one meter in length on each side.*
cyanidation	*A method of extracting exposed silver or gold grains from crushed or ground ore by dissolving it in a weak cyanide solution.*
diamond drill	*A rotary type of rock drill that cuts a core of rock that is recovered in long cylindrical sections, two centimeters or more in diameter.*
fault	*A fracture in a rock where there has been displacement of the two sides.*
grade	*The concentration of each ore metal in a rock sample, usually given as weight percent. Where extremely low concentrations are involved, the concentration may be given in grams per tonne (g/t or gpt) or ounces per ton (oz/t). The grade of an ore deposit is calculated, often using sophisticated statistical procedures, as an average of the grades of a very large number of samples collected from throughout the deposit.*
hectare or ha	*An area totaling 10,000 square meters.*
highly anomalous	*An anomaly which is 50 to 100 times average background, i.e. it is statistically much greater in amplitude.*
induced polarization (IP)	*A method of ground geophysics surveying employing an electrical current to determine indications of mineralization.*
Inferred Mineral Resource	*That part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.* *Confidence in the estimate is insufficient to allow the meaningful application of technical and economic parameters or to enable an evaluation of economic viability worthy of public disclosure.*

Indicated Mineral Resource	*That part of a Mineral Resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply, but not verify, geological and grade or quality continuity. An inferred mineral resource has a lower level of confidence than that applying to an indicated mineral resource and must not be converted to a mineral reserve. It is reasonable to expected that the majority of inferred mineral resources could be updated to indicated mineral resources with continued exploration.* *An inferred mineral resource is based on limited information and sampling gathered through appropriate sampling techniques from locations such as outcrops, trenches, pits, workings, and drill holes. Inferred mineral resources must not be included in the economic analysis, production schedules, or estimated mine life in publicly disclosed pre-feasibility or feasibility studies, or in the life of mine plans and cash flow models of developed mines. Inferred mineral resources can only be used in economic studies as provided under NI 43-101.*
Measured Mineral Resource	*A Measured Mineral Resource is that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit.* *Geological evidence is derived from detailed and reliable exploration, sampling and testing and is sufficient to confirm geological and grade or quality continuity between points of observation.* *A Measured Mineral Resource has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. It may be converted to a Proven Mineral Reserve or to a Probable Mineral Reserve*
mineral reserve	*A Mineral Reserve is the economically mineable part of a Measured or Indicated Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction could reasonably be justified. A Mineral Reserve includes diluting materials and allowances for losses that may occur when the material is mined.* *Mineral resources are sub-divided in order of increasing confidence into Probable Mineral Reserves and Proven Mineral Reserves. A Probable Mineral Reserve has a lower level of confidence than a Proven Mineral Reserve. The term "mineral reserve" need not necessarily signify that extraction facilities are in place or operative or that all governmental approvals have been received. It does signify that there are reasonable expectations of such approvals.*
mineral resource	*A concentration or occurrence of diamonds, natural solid inorganic material, or natural solid fossilized organic material including base and precious metals, coal, and industrial minerals in or on the Earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge.* *A Mineral Resource is an inventory of mineralization that under realistically assumed and justifiable technical and economic conditions might become economically extractable.*
mineralization	*Usually implies minerals of value occurring in rocks.*
Modifying Factors	*Modifying Factors are considerations used to convert mineral resources to mineral reserves. These include, but are not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors.*
net smelter returns (NSR) royalty	*Payment of a percentage of net mining revenue after deducting applicable smelter charges.*
NI 43-101	*National Instrument 43-101, Standards of Disclosure for Mineral Projects, adopted by the Canadian Securities Administrators in Canada.*
oxide	*A compound of oxygen and some other element.*
ore	*A natural aggregate of one or more minerals which may be mined and sold at a profit, or from which some part may be profitably separated.*
Preliminary economic assessment or PEA	*A preliminary economic assessment, or PEA, means a study, other than a pre-feasibility or feasibility study, that includes an economic analysis of the potential viability of mineral resources.*
prefeasibility study and preliminary feasibility study	*Each means a comprehensive study of the viability of a mineral project that has advanced to a stage where mining method, in the case of underground mining, or the pit configuration, in the case of open pit mining, has been established, and which, if an effective method of mineral processing has been determined, includes a financial analysis based on reasonable assumptions of technical, engineering, operating and economic factors, and the evaluation of other relevant factors which are sufficient for a qualified person, acting reasonably, to determine if all or part of the mineral resource may be classified as a mineral reserve.*

probable mineral reserve	*Is the economically mineable part of an Indicated and, in some circumstances, a Measured Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.*
proven mineral reserve	*Is the economically mineable part of a Measured Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified.* *The term should be restricted to that part of the deposit where production planning is taking place and for which any variation in the estimate would not significantly affect potential economic viability.*
quartz	*Silica or SiO_2, a common constituent of veins, especially those containing silver and gold mineralization.*
tailings	*Material rejected from a mill after most of the recoverable valuable minerals have been extracted.*
ton	*Imperial measurement of weight equivalent to 2,000 pounds.*
tonne	*Metric measurement of weight equivalent to 2,205 pounds (1,000 kg)*
tpd	*Tonnes per day.*
trench	*A long, narrow excavation dug through overburden, or blasted out of rock, to expose a vein or ore structure.*
veins	*The mineral deposits that are found filling openings in rocks created by faults or replacing rocks on either side of faults.*

PART I

Item 1. Identity of Directors, Senior Management and Advisers

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information

A. Selected financial data

The selected historical consolidated financial information set forth below has been derived from our annual audited consolidated financial statements for the year ended December 31, 2018. For the years ended December 31, 2016, 2015, and 2014, the Company's consolidated financial information was presented in Canadian dollars and has been translated in this Form 20-F into United States dollars using the applicable exchange rates.

For the years ended December 31, 2018, 2017, 2016, 2015, and 2014, we have prepared our consolidated financial statements in accordance with IFRS, as issued by the IASB. We adopted IFRS with a transition date of January 1, 2010.

On July 11, 2018, upon further review of the Company's experience at the Avino and San Gonzalo mines, the Company concluded to change its accounting policy under IFRS 6 and IAS 16 in accounting for the Company's Exploration and Evaluation Assets and Development Costs, including our determination that we commenced production effective July 1, 2015. The voluntary change in accounting policy was intended to provide investors with a better reflection of the Company's business activities to enhance the comparability of our financial statements to our peers and to make our financial statements more relevant to the economic decision-making needs of users.

As a result of applying the change in accounting policy, we have determined that we would have been deemed to be in the production phase effective July 1, 2015. Accordingly, we have applied this retrospective application of this change in accounting policy for (i) the year ended December 31, 2015; (ii) the year ended December 31, 2016; and (iii) the year ended December 31, 2017, which are reflected in this Annual Report.

The selected historical consolidated financial information presented below is condensed and may not contain all of the information that you should consider. This selected financial data should be read in conjunction with our annual audited consolidated financial statements, the notes thereto and the section entitled ''Item 5 — Operating and Financial Review and Prospects.''

In accordance with IFRS

The tables below set forth selected consolidated financial data under IFRS for the years ended, and as at, December 31, 2018, 2017, 2016, 2015, and 2014. Subject to the comments above, the information has been derived from our annual audited consolidated financial statements set forth in ''Item 18 — Financial Statements.''

	Years Ended December 31,				
	2018	2017(1)	2016(1)	2015(1)	2014
Summary of Operations:					
Revenue	$ 34,116,000	$ 33,359,000	$ 34,692,000	$ 30,460,000	$ 17,467,000
Cost of sales	27,850,000	22,106,000	22,961,000	23,918,000	10,313,000
Mine operating income	6,266,000	11,253,000	11,731,000	6,168,000	7,154,000
Operating expenses	4,195,000	5,331,000	5,007,000	3,329,000	3,750,000
Income (loss) before other items and income taxes	2,071,000	5,922,000	6,724,000	3,839,000	3,404,000
Net income (loss)	1,626,000	2,522,000	2,016,000	193,000	2,276,000
Earnings (Loss) per share					
Basic	$ 0.03	$ 0.05	$ 0.05	$ 0.01	$ 0.07
Diluted	$ 0.03	$ 0.05	$ 0.05	$ 0.01	$ 0.07
Weighted average number of shares outstanding					
Basic	56,851,626	52,523,454	42,695,999	36,229,424	32,333,224
Diluted	60,000,637	53,320,009	43,791,451	36,723,725	33,273,740

	2018	2017(1)	2016(1)	2015(1)	2014
Balance Sheet Data:					
Total assets	$ 108,588,000	$ 102,835,000	$ 94,131,000	$ 62,925,000	$ 52,940,000
Cash	3,252,000	3,420,000	11,780,000	5,401,000	3,663,000
Total liabilities	33,420,000	33,833,000	32,337,000	25,580,000	14,107,000
Shareholders' equity	75,168,000	69,002,000	61,794,000	37,344,000	38,833,000
Share capital	88,045,000	81,468,000	80,785,000	58,241,000	55,381,000
Shares outstanding	63,337,769	52,718,153	52,431,001	37,298,009	35,374,813

(1) *Financial results for 2017, 2016 and 2015 are reflective of the change in retrospective change in accounting policy outlined at the beginning of Item 4-B, and disclosed in the Company's audited consolidated financial statements.*

B. Capitalization and indebtedness

Not Applicable.

C. Reasons for the offer and use of proceeds

Not Applicable.

D. Risk factors

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

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

Our results of operations, cash flows and the value of our properties are highly dependent on the market prices of silver and gold and certain base metals and these prices can be volatile.

The profitability of our silver and gold mining operations and the value of our mining properties are directly related to the market price of silver, and to a lesser extent gold and other base metals. The price of silver may also have a significant influence on the market price of our common shares. The market price of silver historically has fluctuated significantly and is affected by numerous factors beyond our control. These factors include supply and demand fundamentals, global or national political or economic conditions, expectations with respect to the rate of inflation, the relative strength of the U.S. dollar and other currencies, interest rates, silver and gold sales and loans by central banks, forward sales by metal producers, accumulation and divestiture by exchange traded funds, and a number of other factors.

We derive a significant portion of our revenue from the sale of silver and our results of operations will fluctuate as the prices of this metals change. A period of significant and sustained lower silver prices would materially and adversely affect our results of operations and cash flows. During the past fiscal year, silver prices have decrease and in the event mineral prices decline or remain low for prolonged periods of time; we might be unable to develop our existing exploration properties, which may adversely affect our results of operations, financial performance, and cash flows. An asset impairment charge may result from the occurrence of unexpected adverse events that impact our estimates of expected cash flows generated from our producing properties or the market value of our non-producing properties, including a material diminution in the price of silver and/or gold.

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

The Company is currently focusing on further defining plans to mine its San Gonzalo and Avino mineralized material, further exploration of the Avino property in Mexico, and on exploring and evaluating the Bralorne Mine project. The Company will be required to raise capital to further advance the San Gonzalo and Avino mines and its infrastructure, to explore the Avino property, and to further explore and evaluate the Bralorne Mine project. Our ability to raise funds will depend on several factors, including, but not limited to, current economic conditions, our perceived value for our properties, our prospects, metal prices, businesses competing for financing and our financial condition. There can be no assurance that we will be able to raise funds, or to raise funds on commercially reasonable terms. Historically, the Company has raised funds through equity and debt financing and the exercise of options and warrants. The raising of capital may have a dilutive effect on the Companys per share book value.

No assurances can be given we will continue to be profitable in the future

We began extracting and processing resources at levels intended by management at the San Gonzalo Mine during the fourth quarter of 2012 and at the Avino Mine in the third quarter of 2015. For the years ended December 31, 2018, 2017, and 2016, we earned net income of $1,626,000, $2,522,000 and, $2,016,000, respectively. Prior to the 2013 fiscal year, we had not been profitable. There is no assurance that our operations will continue to be profitable in the future.

We have no proven or probable reserves, and our decision to commence extracting and processing resources at levels intended by management was not based on a study demonstrating economic recovery of any mineral reserves and is therefore inherently risky.

We have not established the presence of any proven or probable mineral reserves, as defined by the SEC, at any of our properties. Under Guide 7, the SEC has defined a “reserve” as that part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination. Any mineralized material discovered or produced by us should not be considered proven or probable reserves.

In order to demonstrate the existence of proven or probable reserves, it would be necessary for us to perform additional exploration to demonstrate the existence of sufficient mineralized material with satisfactory continuity and obtain a positive feasibility study which demonstrates with reasonable certainty that the deposit can be economically and legally extracted and produced. We have not completed a feasibility study with regard to all or a portion of any of our properties to date. Since we commenced extracting and processing resources of mineralized material at levels intended by management at the San Gonzalo Mine and the Avino Mine without a feasibility study, there is inherent uncertainty as to whether the mineralized material can be economically produced or if so, for what period of time. The absence of proven or probable reserves makes it more likely that our properties may cease to be profitable and that the money we spend on exploration and evaluation may never be recovered.

We decided to begin extracting and processing resources at levels intended by management at the San Gonzalo Mine and the Avino Mine without preparing a pre-feasibility study or bankable feasibility study which may subject us to more risks.

We decided to begin extracting and processing resources at levels intended by management at the San Gonzalo Mine and the Avino Mine without preparing a pre-feasibility study or bankable feasibility study which is a more common practice within the mining industry and therefore may subject us to more business risks. Our decision to begin extracting and processing resources at the San Gonzalo Mine and the Avino Mine were based on limited prior historical information, bulk sample drilling programs, small pilot plant and bench scale testing. Therefore, our decision to begin extracting and processing resources at the San Gonzalo Mine and the Avino Mine were based on limited information which may or may not be representative of information regarding the mines had we otherwise prepared a more comprehensive study. In addition, basing our decision to begin extracting and processing resources on limited information may make us susceptible to risks including:

- certain difficulties in obtaining expected metallurgical recoveries when scaling up to extracting and processing activities at levels intended by management from pilot plant scale;
- the inability to predict the amount of minerals within an area to be mine due the limited sample drilling programs which makes it a challenge to predict our revenues;
- the preliminary nature of mine plans and processing concepts and applying them to full scale extracting and processing activities at levels intended by management;
- determining operating/capital cost estimates and possible variances associated with constructing, commissioning and operating the San Gonzalo and Avino facilities based on limited information;
- that metallurgical flow sheets and recoveries are based on information at the time and may not be representative of results of the San Gonzalo Mine and/or the Avino Mine; and
- that we may underestimate capital and operating costs without a comprehensive bankable feasibility study.

Exploration and development.

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

The mining industry is highly speculative and involves substantial risks.

Even when mining is conducted on properties known to contain significant quantities of mineral deposits it is generally accepted in the mining industry that most exploration projects do not result in the discovery of mineable deposits of ore that can be extracted in a commercially economic manner. There may be limited availability of water, which is essential to milling operations, and interruptions may be caused by adverse weather conditions. Operations are subject to a variety of existing laws and regulations relating to exploration and development, permitting procedures, safety precautions, property reclamation, employee health and safety, air quality standards, pollution and other environmental protection controls. Mining activities are subject to substantial operating hazards, some of which are not insurable or may not be insured for economic reasons.

The commercial quantities of ore cannot be accurately predicted.

Whether an ore body will be commercially viable depends on a number of factors including the particular attributes of the deposit, such as size, grade and proximity to infrastructure, as well as minerals prices and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in a mineral deposit being unprofitable.

There are no assurances that we can produce minerals on a commercially viable basis.

The Company's ability to generate revenue and profit is expected to occur through exploration, evaluation, advancement and operation of its existing properties as well as through acquisitions of interests in new properties. Substantial expenditures will be incurred in an attempt to establish the economic feasibility of mining activities by identifying mineral deposits and establishing ore reserves through drilling and other techniques, developing metallurgical processes to extract metals from ore, designing facilities and planning mining activities. The economic feasibility of a project depends on numerous factors, including the cost of mining and production facilities required to extract the desired minerals, the total mineral deposits that can be mined using a given facility, the proximity of the mineral deposits to refining facilities, and the market price of the minerals at the time of sale. There is no assurance that existing or future exploration programs or acquisitions will result in the identification of deposits that can be mined profitably.

Mining activities and exploration activities are subject to various federal, state, provincial and local laws and regulations.

Laws and regulations govern the development, mining, production, importing and exporting of minerals, taxes, labour standards, occupational health, waste disposal, protection of the environment, mine safety, toxic substances, and other matters. In many cases, licenses and permits are required to conduct mining operations. Amendments to current laws and regulations governing operations and activities of mining companies or more stringent implementation thereof could have a substantial adverse impact on the Company. Applicable laws and regulations will require the Company to make certain capital and operating expenditures to initiate new activity. Under certain circumstances, the Company may be required to suspend an activity once it is started until a particular problem is remedied or to undertake other remedial actions.

Mining activities are inherently risky.

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

Mining operations and uninsured risks.

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

Market forces.

There is no assurance that, even if commercial quantities of mineral resources are discovered, that these can be sold at a profit. Factors beyond the control of the Company may affect the marketability of any mineral occurrences discovered. The prices of silver, gold and copper have experienced volatile and significant movements over short periods of time, and are affected by numerous factors beyond the control of the Company, including international economic and political trends, expectations of inflation, currency exchange fluctuations (specifically, the United States dollar relative to the Canadian dollar and other currencies), interest rates and global or regional consumption patterns (such as the development of gold coin programs), speculative activities and increased production due to improved mining and production methods.

Foreign corrupt practices legislation.

The Company is subject to the *Foreign Corrupt Practices Act* (the "**FCPA**"), the *Corruption of Foreign Public Officials Act* (Canada) ("**CFPOA**"), and other laws that prohibit improper payments or offers of payments to foreign governments and their officials and political parties by persons and issuers as defined by the statutes, for the purpose of obtaining or retaining business. It is our policy to implement safeguards to discourage these practices by our employees; however, our existing safeguards and any future improvements may prove to be ineffective, and our employees, consultants, sales agents or distributors may engage in conduct for which the Company might be held responsible. Violations of the FCPA, CFPOA, and/or other laws may result in criminal or civil sanctions and the Company may be subject to other liabilities, which could negatively affect our business, operating results and financial condition. The Company is also subject to the *Extractive Sector Transparency Measures Act* (Canada) ("**ESTMA**"), which requires us to maintain records of specific payments (including taxes, royalties, fees, production entitlements, bonuses, dividends, and infrastructure improvements) to all government entities in Canada and abroad, and to publicly disclose payments of $100,000 or more in any payment category on an annual basis within 150 days of our fiscal year end, to increase transparency and deter corruption in the extractive industry sector.

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

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

In Mexico and British Columbia legal rights applicable to mining concessions or mineral claims, as applicable, are different and separate from legal rights applicable to surface lands; accordingly, title holders of mining concessions or mineral claims must accommodate and agree with surface land owners on compensation in respect of mining activities conducted on such land.

Dividend policy

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

Certain provisions of organizational documents may discourage takeovers and business combinations that our shareholders may consider in their best interests, which could negatively affect our stock price.

Certain provisions of our Articles of Incorporation ("Articles") may have the effect of delaying or preventing a change in control of our Company or deterring tender offers for our common shares that other shareholders may consider in their best interests.

Our Articles authorize us to issue an unlimited number of common shares. Shareholder approval is not necessary to issue our common shares. Issuance of these common shares could have the effect of making it more difficult and more expensive for a person or group to acquire control of us, and could effectively be used as an anti-takeover device.

Our Articles provide for an advance notice procedure for shareholders to nominate director candidates for election or to bring business before an annual meeting of shareholders, including proposed nominations of persons for election to our board of directors, and require that special meetings of shareholders be called by the board or shareholders who hold at least 5% of the total issued and outstanding shares.

Competition.

There is a limited supply of desirable mineral lands available for acquisition, claim staking or leasing in the areas where the Company contemplates expanding its operations and conducting exploration activities. Many participants are engaged in the mining business, including large, established mining companies. There can be no assurance that the Company will be able to compete successfully for new mining properties. The resource industry is intensely competitive in all of its phases, and the Company competes with many companies possessing greater financial resources and technical facilities than itself. Competition could adversely affect the Company's ability to acquire suitable producing properties or prospects exploration in the future.

Uncertainty of exploration and evaluation programs.

The Company's profitability is significantly affected by the costs and results of its exploration and evaluation programs. As mines have limited lives, the Company actively seeks to expand its mineral resources, primarily through exploration, evaluation and strategic acquisitions. Exploration for minerals is highly speculative in nature, involves many risks and is frequently unsuccessful. Among the many uncertainties inherent in any silver, gold, and/or copper exploration and evaluation program are the location of economic ore bodies, the development of appropriate metallurgical processes, the receipt of necessary governmental permits and the construction of mining and processing facilities. Assuming the discovery of an economic deposit, depending on the type of mining operation involved, several years may elapse from the initial phases of drilling until commercial operations are commenced and, during such time, the economic feasibility of extracting and processing resources may change. Accordingly, the Company's exploration and evaluation programs may not result in any new economically viable mining operations or yield new mineral resources to expand current mineral resources.

Permitting.

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

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

Political or economic instability or unexpected regulatory change.

Our primary property is located in a foreign country that may be subject to political and economic instability, or unexpected legislative change than is usually the case in certain other countries, provinces and states. Our mineral exploration and mining activities could be adversely affected by:

- political instability and violence;
- war and civil disturbances;
- expropriation or nationalization;
- changing fiscal regimes;
- fluctuations in currency exchange rates;
- high rates of inflation;
- underdeveloped industrial and economic infrastructure;
- changes in the regulatory environment governing exploration and evaluation assets; and
- unenforceability of contractual rights, any of which may adversely affect our business in that country.

We may be adversely affected by fluctuations in foreign exchange rates.

We maintain our bank accounts in Canadian and U.S. Dollars and Mexican pesos. Any appreciation in the currency of Mexico or other countries where we may carry out exploration and mining activities against the Canadian or U.S. Dollar will increase our costs of carrying out operations in such countries. In addition, any increase in the Canadian Dollar against the U.S Dollar will result in a loss on our financial statements to the extent we hold funds in Canadian Dollars. Copper, gold and silver are typically sold in U.S. dollars. As a result, the Company is subject to foreign exchange risks relating to the relative value of the U.S. dollar as compared to the Canadian dollar and the Mexican peso. To the extent that the Company generates revenues at the Avino Mine or San Gonzalo Mine, it will be subject to foreign exchange risks as revenues will be received in U.S. dollars while certain operating and capital costs will be incurred primarily in Mexican pesos. A decline in the U.S. dollar would result in a decrease in the Company's revenues and adversely impact the Company's financial performance.

Land reclamation requirements.

Although variable, depending on location and the governing authority, land reclamation requirements are generally imposed on mineral exploration and mining companies, in order to minimize the long-term effects of land disturbance. Reclamation may include requirements to control dispersion of potentially deleterious effluents and reasonably re-establish pre-disturbance land forms and vegetation. In order to carry out reclamation obligations imposed on us in connection with our mineral exploration and mining activities we must allocate financial resources that might otherwise be spent on further exploration or acquisition programs.

Acquisitions the Company may undertake may change our business or expose us to risks.

The Company undertakes evaluations of opportunities to acquire additional silver and gold mining properties. Any resultant acquisitions may be significant in size, may change the scale of the Company's business, and may expose the Company to new geographic, political, operating, financial and geological risks. The Company's success in its acquisition activities depends on its ability to identify suitable acquisition candidates, acquire them on acceptable terms, and integrate their operations successfully. Any acquisitions would be accompanied by risks, such as a significant decline in the price of silver or gold, the mineralized material proving to be below expectations, the difficulty of assimilating the operations and personnel of any acquired companies, the potential disruption of the Company's ongoing business, the inability of management to maximize the financial and strategic position of the Company through the successful integration of acquired assets and businesses, the maintenance of uniform standards, controls, procedures and policies, the impairment of relationships with customers and contractors as a result of any integration of new management personnel and the potential unknown liabilities associated with acquired mining properties. There can be no assurance that the Company would be successful in overcoming these risks or any other problems encountered in connection with such acquisitions.

Current global financial conditions.

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

Dilution.

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

Conflicts of interest.

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

Dependence on management.

We are dependent on the services of key executives including our President and Chief Executive Officer and other highly skilled and experienced executives and personnel focused on advancing our corporate objectives as well as the identification of new opportunities for growth and funding. Due to our relatively small size, the loss of these persons or our inability to attract and retain additional highly skilled employees required for our activities may have a material adverse effect on our business and financial condition.

Competition for recruitment and retention of qualified personnel.

We compete with other exploration and mining companies, many of which have greater financial resources than us or are further in their advancement, for the recruitment and retention of qualified employees and other personnel. Competition for exploration and mining resources at all levels is highly cyclical and can quickly become very intense, particularly affecting the availability of manpower, drill rigs and supplies. Recruiting and retaining qualified personnel in the future is critical to the Company's success. As the Company explores its Avino Mine and San Gonzalo Mine and other properties, the need for skilled labour will increase. The number of persons skilled in the exploration of mining properties is limited and competition for this workforce is intense. The exploration and other initiatives of the Company may be significantly delayed or otherwise adversely affected if the Company cannot recruit and retain qualified personnel and/or obtain other exploration and mining resources as and when required.

Limited and volatile trading volume.

Although the Company's common shares are listed on the NYSE American, the Toronto Stock Exchange, referred to herein as the "TSX" (the Company graduated from the TSX Venture Exchange on January 8, 2018), the Frankfurt Stock Exchange, referred to herein as the "FSE", and the Berlin Stock Exchange, the volume of trading has been limited and volatile in the past and is likely to continue to be so in the future, reducing the liquidity of an investment in the Company's common shares and making it difficult for investors to readily sell their common shares in the open market. Without a liquid market for the Company's common shares, investors may be unable to sell their shares at favorable times and prices and may be required to hold their shares in declining markets or to sell them at unfavorable prices.

Volatility of share price.

In recent years, securities markets in general have experienced a high level of price volatility. The market price of many resource companies, particularly those, like the Company, that are considered speculative exploration and mining companies, have experienced wide fluctuations in price, resulting in substantial losses to investors who have sold their shares at a low price point. These fluctuations are based only in part on the level of progress of exploration, and can reflect general economic and market trends, world events or investor sentiment, and may sometimes bear no apparent relation to any objective factors or criteria. Significant fluctuation in the Company's common share price is likely to continue.

Difficulty for United States investors to effect services of process against the Company.

The Company is incorporated under the laws of the Province of British Columbia, Canada. Consequently, it will be difficult for United States investors to affect service of process in the United States upon the directors or officers of the Company, or to realize in the United States upon judgments of United States courts predicated upon civil liabilities under the Exchange Act. The majority of the Company's directors and officers are residents of Canada and many of the Company's assets are located outside of the United States. A judgment of a United States court predicated solely upon such civil liabilities would probably be enforceable in Canada by a Canadian court if the United States court in which the judgment was obtained had jurisdiction, as determined by the Canadian court, in the matter. There is substantial doubt whether an original action could be brought successfully in Canada against any of such persons or the Company predicated solely upon such civil liabilities.

Item 4. Information on the Company

A. History and development of the Company

The Company was incorporated by Memorandum of Association under the laws of the Province of British Columbia on May 15, 1968, and on August 22, 1969, by virtue of an amalgamation with Ace Mining Company Ltd., became a public company whose common shares are registered under the Exchange Act, changing its name to Avino Mines & Resources Limited. On April 12, 1995, the Company changed its corporate name to International Avino Mines Ltd. and effected a reverse stock split of one common share for every five common shares outstanding. On August 29, 1997, the Company changed its corporate name to Avino Silver & Gold Mines Ltd., its current name, to better reflect the business of the Company of exploring for and mining silver and gold. In January 2008, the Company announced the change of its financial year end from January 31 to December 31. The change was completed in order to align the Company's financial statement reporting requirements with its Mexico subsidiaries which operate on a calendar fiscal year.

The Company is a reporting issuer in all of the Provinces of Canada, except for Quebec, a foreign private issuer in the United States and is listed on the Toronto Stock Exchange (the Company graduated from the TSX Venture Exchange on January 8, 2018), under the symbol "ASM", on the NYSE-American under the symbol "ASM", and on the Berlin and Frankfurt Stock Exchanges under the symbol "GV6". The principal executive office of the Company is located at Suite 900, 570 Granville Street, Vancouver, British Columbia V6C 3P1, and its telephone number is 604-682-3701.

The Company is a natural resource company primarily engaged in the extracting and processing of gold, silver, and copper and the acquisition and exploration of natural resource properties. The Company's principal business activities have been the exploration for and extracting and processing of silver, gold and copper at mineral properties located in the State of Durango, Mexico. The Company also owns other exploration and evaluation assets in British Columbia and the Yukon Territory, Canada.

B. Business overview

Operations and Principal Activities

The Company is a Canadian-based resource firm focused on silver, gold, and copper exploration, extraction and processing. The Company has a long prior history of operation, beginning in 1968 with the development of the Avino Silver Mine, located in the state of Durango, Mexico (the Avino Mine). From 1974 to 2001, the Avino Mine produced silver, gold, copper and lead and provided hundreds of jobs for the Durango region before closing due to depressed metal prices and closing of a smelter. Beginning in 2002, the Company re-directed its corporate strategy to focus almost entirely on silver, and the Company began acquiring silver properties in North America. The Company acquired the Eagle Property in Canadas Yukon Territory, and the Aumax silver and gold property in British Columbia. Each property produced encouraging assays for silver through drilling and sampling, however, in late April 2012, the Company relinquished its interest in the Aumax silver and gold property to focus on its property in Mexico. In October 2014, Avino acquired Bralorne Gold Mines Ltd. (Bralorne), a British Columbia company, which owns the past producing Bralorne Gold Mine in British Columbia, as a wholly owned subsidiary. The Avino Mine in Mexico, the Bralorne Mine in British Columbia, and surrounding mineral leases continue to hold silver and gold potential. The Company also had an option agreement with Alexco Resources Corp. on its wholly-owned Eagle Property located in the Yukon Territory. This option agreement was recently terminated on January 31, 2019. These properties, along with other silver and gold projects, will remain the Companys principal focus for the foreseeable future. The Eagle Property is currently inactive.

On October 1, 2012, the Company declared that extracting and processing resources at levels intended by management had been achieved at the San Gonzalo Mine. The decision was based on the following criteria:

- All major capital expenditures to bring the San Gonzalo Mine into the condition necessary for it to be capable of operating in the manner intended by management had been completed;
- The Company completed testing of the mine plant for a significant period of time and tuned it to a level appropriate for efficient profitable operations;
- The Company proved the ability to produce a saleable bulk concentrate – this was established by conducting the bulk sample program in 2010 and 2011;
- The mine is operated by the Company's own operating personnel with the exception of underground mine advancement for which it uses a mining contractor to achieve more efficiency;
- The mill has reached the pre-determined percentage of design capacity which is 250 tpd for processing San Gonzalo mineralized material;
- Mineral recoveries are at and above expected extracting and processing levels; and
- The Company has demonstrated the ability to sustain ongoing extraction and processing of mineralized material at a steady level.

The above factors were considered in making the decision that extracting and processing resources at levels intended by management had been achieved as at October 1, 2012, and management is confident that its decision is appropriate and accurately reflects the stage the Company is in.

In the second quarter of 2016, the Company declared that effective April 1, 2016 extracting and processing resources at levels intended by management had been achieved at the Avino Mine following an advancement and test period of 19 months. The decision was based on the following criteria:

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

Subsequently, on July 11, 2018, upon further review of the Company's experience at the Avino and San Gonzalo mines, the Company concluded to change its accounting policy under IFRS 6 and IAS 16 in accounting for the Company's Exploration and Evaluation Assets and Development Costs, including the determination that the Company commenced production effective July 1, 2015. The voluntary change in accounting policy was intended to provide investors with a better reflection of the Company's business activities to enhance the comparability of the Company's financial statements to the Company's peers and to make the Company's financial statements more relevant to the economic decision-making needs of users.

As a result of applying the change in accounting policy, we have determined that we would have been deemed to be in the production phase effective July 1, 2015. Accordingly, we have applied this retrospective application of this change in accounting policy for (i) the year ended December 31, 2015; (ii) the year ended December 31, 2016; and (iii) the year ended December 31, 2017, which are reflected in this Annual Report.

On July 8, 2014, Avino acquired a 33.33% interest in Bralorne from an unrelated party for cash consideration of C$2,660,000 in connection with its intention to acquire all of the outstanding common shares of Bralorne. Avino also made a C$1,250,000 loan to Bralorne (in three tranches) to provide immediate working capital. The loan carried interest at 12% per annum, and the principal amount and accrued interest were secured by a general security agreement against all of the assets of Bralorne. On October 20, 2014, under a plan of arrangement, Bralorne shareholders received 2,636,845 common shares of Avino, resulting in Bralorne becoming a wholly-owned subsidiary of Avino. All unexercised outstanding stock options of Bralorne were cancelled, and Bralornes common shares were delisted from the TSX Venture Exchange ("TSX-V") and the OTCQX.

Avino's remaining Mexican properties other than San Gonzalo and Avino, as well as its Canadian properties, are all in the exploration stage. In order to determine if a commercially viable mineral deposit exists in any of these properties, further geological work will need to be done, and based upon the results of that work a final evaluation will need to be made to conclude on economic and legal feasibility. The Company is currently focusing on extracting and processing resources at the San Gonzalo Mine and the Avino Mine, and exploration of the Avino property in Mexico and the Bralorne Mine project in British Columbia, Canada. The Company's other Canadian properties are not deemed to be material and are subject to care and maintenance for further exploration and evaluation, if any.

Competition

The mining industry in which the Company is engaged is highly competitive. Competitors include well-capitalized mining companies, independent mining companies and other companies having financial and other resources far greater than those of the Company. The Company competes with other mining companies in connection with the acquisition of gold, silver and other base metal properties. In general, properties with a higher grade of recoverable minerals and/or which are more readily mined afford the owners a competitive advantage in that the cost of production of the final mineral product is lower.

Seasonality

Certain of our operations are conducted in British Columbia and the Yukon Territory. The weather during the colder seasons in these areas can be extreme and can cause interruptions or delays in our operations. As a result, the preferable time for activities in these regions is spring and summer when costs are more reasonable and access to the properties is easier. In the summer months, however, if the weather has been unusually hot and dry, access to the Company's properties may be limited as a result of access restrictions being imposed to monitor the risks of forest fires.

Governmental Regulation

The current and anticipated future operations of the Company, including exploration and evaluation activities and extracting and processing resources on its properties, require permits from various federal, territorial and local governmental authorities and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labor standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. Companies engaged in the development and operation of mines and related facilities generally experience increased costs and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits. Such operations and exploration activities are also subject to substantial regulation under these laws by governmental agencies and may require that the Company obtain permits from various governmental agencies. The Company believes it is in substantial compliance with all material laws and regulations which currently apply to its activities. There can be no assurance, however, that all permits which the Company may require for construction of mining facilities and conduct of mining activities will be obtainable on reasonable terms or that such laws and regulations, or that new legislation or modifications to existing legislation, would not have an adverse effect on any exploration or mining project which the Company might undertake.

The Company believes it has obtained all necessary permits and authorizations required for its current exploration and mining activities. The Company has had no material costs related to compliance and/or permits in recent years, and it anticipates incurring necessary expenditures to maintain compliance in the future. Unfavorable amendments to current laws, regulations and permits governing operations and activities of resource exploration companies, or more stringent implementation thereof, could have a materially adverse impact on the Company and cause increases in capital expenditures which could result in a cessation of operations by the Company.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in exploration and mining activities may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violation of applicable laws or regulations.

The enactment of new laws or amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or costs of extracting and processing resources or reductions in levels of extracting and processing resources at its mining properties or require abandonment or delays in the exploration and evaluation of new mining properties.

Governmental Regulation - Mexico

Mineral exploration and mining in Mexico is covered under the Mining Law as first published in June 1992, and most recently amended in August 2014. Mining activities in Mexico are administered by the Ministry of Economy. Environmental regulations are covered under "Ley General del Equilibrio Ecológio y la Protección al Ambiente" (General Law of Ecological Balance and Environmental Protection) and its regulations. Certain other environmental laws, including "Ley de Aguas Nacionales" (Law of National Waters) and "Ley Forestal" (Forestry Law) and their associated regulations may also cover certain operations. The kind of permits or authorizations required to conduct mining or mineral exploration operations in Mexico depend upon the type of operation. Common exploration activities do not require prior environmental authorization or licenses, but it is advisable to request a confirmation from the National Water Commission that planned operations will not affect the water table. It is also necessary to confirm that any planned operations will not be conducted in protected natural areas.

Governmental Regulation - British Columbia

The Bralorne Mine holds a Mining Permit M-207 under the Mining Act of British Columbia as administered by the Ministry of Energy, Mines and Petroleum Resources ("EMPR"). A permit amendment for Permit M-207 was received in November 2017 updating the Permit to current standards approving the Tailings Storage Facility and allowing the company to restart the Bralorne Mine at 100 tons per day, which included incorporation of the updated Interim Closure and Reclamation Plan ("ICRP") and a Closure and Reclamation Plan Update 2018. All Permit conditions are currently being met. An additional permit amendment to Permit M-207 to allow for expansion beyond the 100 tons per day is currently being contemplated by the Company.

The Bralorne Mine holds an Emissions Permit #14479 and an Effluent Permit #14480 under the Ministry of Environment (British Columbia) which are both current. In October 2018, the Company received a Permit Amendment for expanded water treatment under the Effluent Permit #14480 which encompasses a broader scope for water management at the site, including greater volumes and waste disposal for the Best-Available-Technology (BAT) Water Treatment Plant.

Mining activities in British Columbia are subject to the Mines Act and the Health, Safety and Reclamation Code (the "Code"), which are administered by the EMPR, and in particular its Mines and Minerals Resource Division, as well as the Chief Inspector of Mines. Mining permits are issued upon meeting certain conditions, including the provision of a security reclamation bond, and mining activities are regularly inspected for compliance with the Code.

C. *Organizational structure*

The Company's Mexican subsidiaries are the wholly owned subsidiary Oniva Silver and Gold Mines S.A. de C.V., referred to as "Oniva", Nueva Vizcaya Mining S.A. de C.V., referred to as "Nueva Vizcaya", Promotora, in which the Company has direct ownership of 79.09%, and Avino Mexico in which the Company has a 98.45% direct ownership and an additional 1.22% indirect ownership held through Promotora. The Company's total effective ownership interest in Avino Mexico is 99.67%. All of these subsidiaries are incorporated under the laws of Mexico. The Company also owns 100% of Bralorne Gold Mines Ltd., incorporated in British Columbia, Canada.

D. Property, plant and equipment

The Company is extracting resources and processing it to yield a bulk silver/gold concentrate at the San Gonzalo Mine and a copper concentrate from the Avino Mine, both of which are located on the Avino property in Durango, Mexico. The Company is also exploring options to re-process a large tailings resource left from past mining on the Avino property. In addition, we have optioned the Eagle Claims in the Yukon to Alexco Resource Corp. and are exploring our remaining gold and silver projects in Canada. All of the Company's mineral property interests in Canada are wholly-owned by the Company. In Mexico, the Company has a 99.67% interest in Avino Mexico, a Mexican company which is involved in the mining of commercial resources and resource exploration and evaluation, including the operation of the Avino and San Gonzalo Mines.

The Company owns and manages its Canadian properties. Exploration in Canada is focused on the Bralorne Mine project in southwest British Columbia which was acquired by the Company in 2014. The Bralorne Mine project is considered in the advanced exploration phase and extracting and processing resources at trial levels took place between 2011 and 2014. In addition to the Bralorne Mine project, Avino has in recent years conducted limited prospecting, trenching and drill programs on the Eagle (which has been optioned to Alexco Resource Corp.), Olympic-Kelvin, and Minto properties.

The Company uses detailed sampling to provide the basis for quality estimates and grades of its mineral discoveries. Samples are collected under the supervision of a qualified person who then follows procedures for the collection, sample preparation and chain of custody guidelines for the shipment of the samples to a certified commercial laboratory as set out in National Instrument 43-101. These commercial labs have standard Quality Assurance/Quality Control protocols in place for the various assaying methods that are being used on the samples. In addition, blanks, standards and duplicates are generally used to confirm the validity of the results before they are reported.

Avino Property, Durango, Mexico

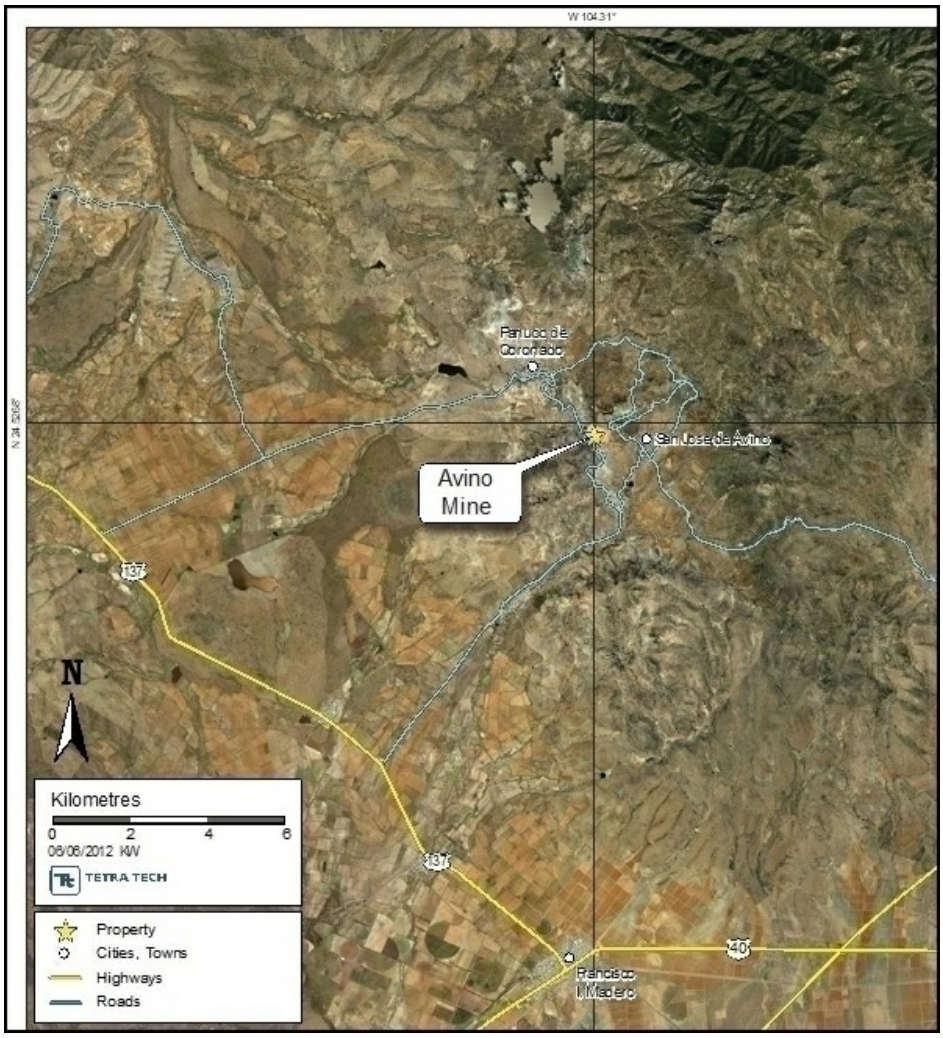
Location

The property is located in Durango State in North Central Mexico, within the Sierra Madre Silver Belt on the eastern edge of the Sierra Madre Occidental mountain range. The nearest major center is the city of Durango, 82 km to the southwest of the property. The property is within the municipality of Pánuco de Coronado between the towns of Pánuco de Coronado and San José de Avino. The property is located at latitude N 24° 53', longitude W 104° 31', 14 km northwest of Highway 40D.

The property is situated as illustrated in the figures below:

General Property Location Map

Regional Property Location Map



Accessibility and Local Resources

The property is accessible by road and is an important part of the local community from which skilled workers are available. Access is provided by Highway 40, a four-lane highway leading from Durango, past the airport and on to the city of Torreon in Coahuila. Successive turn-offs for the property are at Francisco I Madero, Ignacio Zaragoza, and San José de Avino (Slim 2005d). The Avino mineral concessions are covered by a network of dirt roads which provide easy transport access between all areas of interest on the Property and the mill at the main Avino Mine (Gunning 2009).

The nearest major city is Durango, with a population of approximately 600,000. Durango is a major mining center in Mexico where experienced labour and services can be obtained. The two towns nearest the mine are Pánuco de Coronado and San José de Avino, where the majority of the employees live while working at the mine. Pánuco de Coronado has a population of approximately 12,000, and San José de Avino is a small center with a population of less than 1,000.

Geology and Mineralization

The property is located within the Sierra de Gamon, on the east flank of the Sierra Madre Occidental. The area is a geological window into the Lower Volcanic series and consists mainly of volcanic flows, sills, and tuffaceous layers of andesite, rhyolite, and trachyte. Individual rock units vary from 300 to 800 m in thickness. Andesitic rocks outcrop over most of the region with other rock types occurring more sparsely to the north (Slim, 2005d).

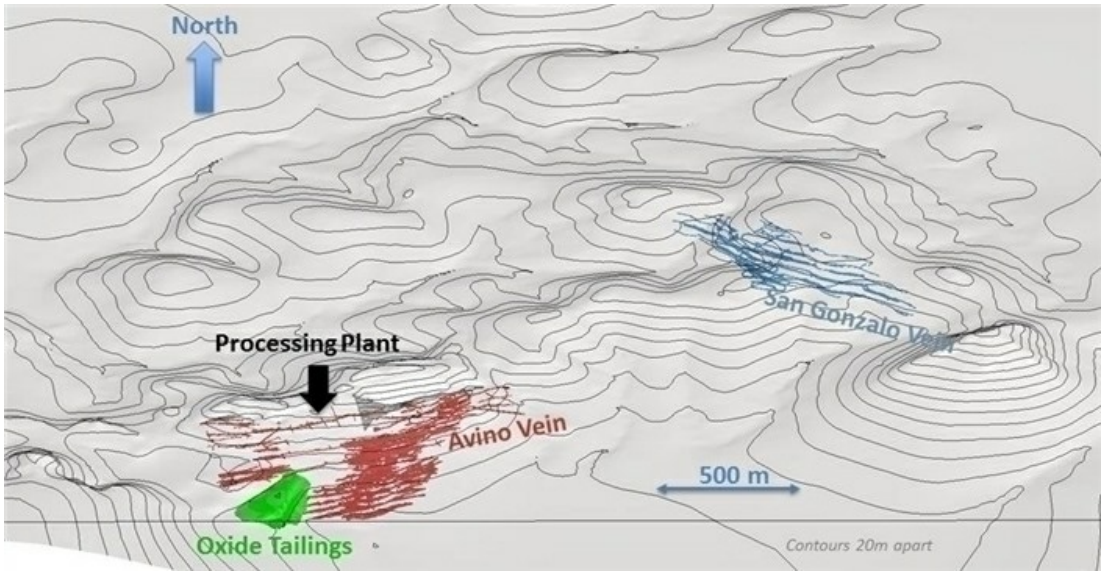
A large monzonitic intrusion is observed in the region in the form of dykes and small stocks, which appear to be linked to the onset of the Avino vein mineralization. Other post-mineralization dykes of intermediate to felsic composition outcrop in various areas and appear to cause minor structural displacements. Several mafic sills are also found in various parts of the region and are related to recent volcanism.

Regionally, the Avino concession is situated within a 12 km north-south by 8.5 km caldera, which hosts numerous low sulphidation epithermal veins, breccias, stockwork and silicified zones. These zones grade into a “near porphyry” environment, particularly in the Avino Mine area. The caldera has been uplifted by regional north trending block faulting (a graben structure), exposing a window of andesitic pyroclastic rocks of the lower volcanic sequence, a favourable host rock, within the caldera. This sequence is overlain by rhyolite to trachytes with extensive ignimbrite layers forming the upper volcanic sequence and is intruded by monzonite bodies. The basal andesite-bearing conglomerate and underlying Paleozoic basement sedimentary rocks (consisting of shales, sandstones and conglomerates) have been identified on the Avino concession in the south-central portion of the caldera, covering the Guadalupe, Santiago, San Jorge, the San Gonzalo Trend, Malinche, Porterito and Yolanda areas. A northerly trending felsic dyke, probably a feeder to the upper volcanic sequence, transects the Property and many of the veins. The Aguila Mexicana low temperature vein system, with significant widths but overall low precious metal values, trends north-northwest, similar to the felsic dyke and with similar continuity across the property. The two structures may occupy deep crustal faults that controlled volcanism and mineralization, with the felsic dyke structure controlling the emplacement of the Avino, Nuestra Senora and El Fuerte-Potosina volcanic centres and the Aguila Mexicana controlling the Cerro San Jose and El Fuerte-Potosina volcanic centres (Paulter 2006).

Silver- and gold-bearing veins cross-cut the various lithologies, and they are generally oriented north-northwest to south-southeast and northwest to southeast. The rocks have been weathered and leached in the upper sections, as a result of contact with atmospheric waters. The oxide tailings material is primarily from this source, whereas the sulphide tailings are predominantly from material sourced at depth from the underground workings. In Mexico, these types of deposits can have large lateral extents, but can be limited in the vertical continuity of grades.

The minerals found during the period of mining of the oxide zone were reported to be argentite, bromargyrite, chalcopyrite, chalcocite, galena, sphalerite, bornite, native silver, gold and native copper. The gangue minerals include hematite, chlorite, quartz, barite, pyrite, arsenopyrite and pyrrhotite. Malachite, anglesite, and limonite are common in the quartz zones of the weathered parts of the oxide material.

Perspective View of the Property Looking North and Showing the Three Deposits



Property Ownership

The current Property is comprised of 23 mineral concessions, totalling 1,103.934 ha.

In 1968, Avino Mines and Resources Ltd. acquired a 49% interest in Avino Mexico and Minera San José de Avino SA, which together held mineral claims totalling 2,626 ha (6,488 ac). Avino Mines and Resources Ltd. retained Vancouver-based Cannon-Hicks & Associates Ltd. (Cannon-Hicks), a mining consulting firm, to conduct the exploration and development of the Property. Cannon-Hicks exploration activities included surface and underground sampling and diamond drilling (VSE 1979).

In early 1970, Avino Mines and Resources Ltd. signed a letter of intent with Denison Mines Ltd. for the future development of the Avino Mine. However, a formal agreement was never signed.

In May 1970, Avino Mines and Resources Ltd. signed a formal agreement with Selco Mining and Development (Selco), a division of Selection Trust Company. Due to other commitments, Selco abandoned its interest in the Project in 1973 (VSE 1979).

In October 1973, Avino Mines and Resources Ltd. signed a new agreement with S.G.L. Ltd. and Sheridan Geophysics Ltd. Under the terms of the agreement, S.G.L. Ltd. was to provide up to $500,000 plus the management to erect a resource processing plant. The agreement provided for the return of the capital from first cash flow, plus a management fee and interest payment together with an option to convert a portion of the advanced funds to common shares. The agreement with S.G.L. Ltd. was terminated in mid-1976.

On July 17, 2006, the Company completed the acquisition of Compañía Minera Mexicana de Avino, S.A. de C.V. (“Avino Mexico”), a Mexican corporation, through the acquisition of an additional 39.25% interest in Avino Mexico, which combined with the Company’s pre-existing 49% share of Avino Mexico, brought the Company’s ownership interest in Avino Mexico to 88.25%. The additional 39.25% interest in Avino Mexico was obtained through the acquisition of 79.09% of the common shares of Promotora Avino S.A. de C.V., referred to as “Promotora”, which in turn owns 49.75% of Avino Mexico’s common shares, and the direct acquisition of 1% of the common shares of Avino Mexico.

The July 17, 2006, acquisition was accomplished by a share exchange by which the Company issued 3,164,702 shares as consideration, which we refer to as the “Payment Shares”, for the purchase of the additional 39.25% interest in Avino Mexico. The Payment Shares were valued based on the July 17, 2006 closing market price of the Company’s shares on the TSX-V.

The Company acquired a further 1.1% interest in Avino Mexico through the acquisition from an estate subject to approval and transfer of the shares to the Company by the trustee for the estate. On December 21, 2007, approval was received and the Company obtained the 1.1% interest from the estate for no additional consideration.

On February 16, 2009, the Company converted existing loans advanced to Avino Mexico into new additional shares of Avino Mexico. As a result, the Company's ownership interest in Avino Mexico increased to 99.28%.

On June 4, 2013, the Company converted existing loans advanced to Avino Mexico into new additional shares of Avino Mexico, resulting in the Company's ownership increasing by 0.38% to an effective 99.67%. The issuance of shares to the Company by Avino Mexico on June 4, 2013 resulted in a reduction in the non-controlling interest from 0.72% to 0.34%.

On August 26, 2015, the Company converted existing loans advanced to Avino Mexico into new additional shares, resulting in an increase of the Company's ownership by 0.01% to an effective 99.67%. The intercompany loans and investments are eliminated upon consolidation of the financial statements. The Company had a pre-existing effective ownership interest of 99.66% in Avino Mexico prior to the 0.01% increase. The issuance of shares to the Company by Avino Mexico on August 26, 2015, resulted in a reduction in the non-controlling interest from 0.34% to 0.33%.

Summary of Property Ownership

Company	Relationship to Avino Silver & Gold Mines Ltd.	Effective Ownership of Avino Mine Property (%)
Avino Mexico	Subsidiary	98.45
Promotora Avino, S.A. de C.V.	Subsidiary	1.22
Total Effective Ownership of Avino Mine Property	-	99.67
Estate of Ysita	Non-controlling interest	0.33
Total	**-**	**100.00**

Mineral Concessions and Agreements

The current Property is comprised of 23 mineral concessions, totalling 1,103.934 ha. Of these, 22 mineral concessions totalling 1,005.104 ha, are held by Avino Mexico (Avino's Mexican subsidiary company), Promotora Avino SA de CV, and Susesion de la Sra. Elena del Hoyo Algara de Ysita. Ownership proportions and mineral concessions are summarized in the tables following the next paragraphs regarding Claim Staking and Mineral Tenure in Mexico.

Claim Staking and Mineral Tenure in Mexico

In 1992, a new Mining Law was enacted and has been amended from time to time since then. In general, and for North American companies in particular, Mexican law permits direct or indirect 100% foreign ownership of exploration and mining properties. For practical purposes, most foreign companies establish Mexican subsidiaries. Mining companies are subject to the normal corporate income tax rate of 30%. Further, in 2014 the Mexican Government enacted a new tax reform which includes a 7.5% mining royalty calculated as taxable revenues (except interest and inflationary adjustment), less allowable deductions for income tax purposes (excluding interest, inflationary adjustment, mining concessions and depreciation and depletion), less exploration expenses, and a 0.50% mining royalty on the sale of silver and gold.

In December 2005, amendments to the mining law eliminated the distinction between "exploration" and "exploitation" concessions. Currently, the mining act and regulations provide solely for mining concessions (Concesiones Mineras), which are issued for a term of fifty years, renewable for an additional term of fifty years.

Owners of mining concessions are obliged to:

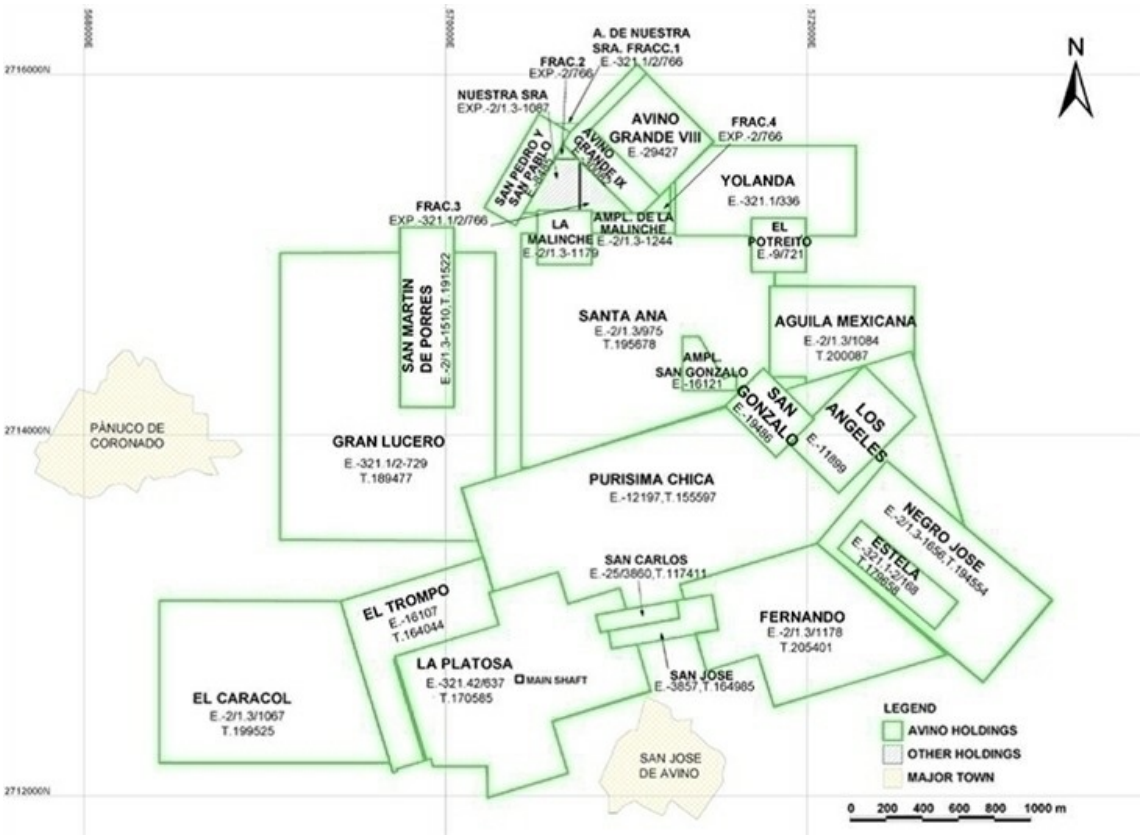
- Execute work under the terms and conditions established in the mining law;
- Pay fees to the Secretaria de Economia on a semi-annual basis;
- Locate on the ground a starting point (mojonera) for the location of the concession, and maintain the mojonera in good condition;
- Begin work on the concession within 90 days of receiving the mining title;
- File annual reports describing the work completed and the amount spent doing the reported work;
- The Direccion General de Minas ("DGM") has the right to audit the receipts and verify that reported work was completed in the field; and
- Failure to comply with the obligations or to assist the DGM with an audit will result in cancellation of the mining concession.

Mineral Concessions – Avino Property

Concession Name	Concession No.	Claim Type	Location	Hectares (ha)	Date Acquired	Expiration Date	Cost (US$/ha)	Payment (US$)
Agrupamiento San Jose (Purisma Chica)	155597	Lode	Pánuco	136.708	30/09/1971	29/09/2021	124.74	17,052.91
Agrupamiento (San Jose)	164985	Lode	Pánuco	8	13/08/1979	12/8/2029	124.74	997.92
Agrupamiento San Jose (El Trompo)	184397	Lode	Pánuco	81.547	13/10/1989	12/10/2039	124.74	10,172.12
Agrupamiento San Jose (Gran Lucero)	189477	Lode	Pánuco	161.468	5/12/1990	4/12/2040	124.74	20,141.57
Agrupamiento San Jose (San Carlos)	117411	Lode	Pánuco	4.451	5/2/1961	16/12/2061	124.74	555.16
Agrupamiento San Jose (San Pedro Y San Pablo)	139615	Lode	Pánuco	12	22/06/1959	21/06/2061	124.74	1,496.88
Aguila Mexicana	215733	Lode	Pánuco	36.768	12/3/2004	29/06/2044	70.88	2,606.12
Ampliacion La Malinche	204177	Lode	Pánuco	6.01	18/12/1996	17/12/2046	124.74	749.72
Ampliacion San Gonzalo	191837	Lode	Pánuco	5.85	19/12/1991	18/12/2041	124.74	729.67
Avino Grande Ix	216005	Lode	Pánuco	19.558	2/4/2002	1/4/2052	70.88	1,386.24
Avino Grande Viii	215224	Lode	Pánuco	22.882	14/02/2002	13/02/2052	70.88	1,621.85
El Caracol	215732	Lode	Pánuco	102.382	12/3/2002	28/04/2044	70.88	7,256.84
El Potrerito	185328	Lode	Pánuco	9	14/12/1989	13/12/2039	124.74	1,122.66
Fernando	205401	Lode	Pánuco	72.129	29/08/1997	28/08/2047	124.74	8,997.33
La Estela	179658	Lode	Pánuco	14	11/12/1986	12/12/2036	124.74	1,746.36
La Malinche	203256	Lode	Pánuco	9	28/06/1996	27/06/2046	124.74	1,122.66
Los Angeles	154410	Lode	Pánuco	23.713	25/03/1971	24/03/2021	124.74	2,957.96
Negro Jose	218252	Lode	Pánuco	58	17/10/2002	16/10/2052	70.88	4,111.04
San Gonzalo	190748	Lode	Pánuco	12	29/04/1991	28/04/2041	124.74	1,496.88
San Martin De Porres	222909	Lode	Pánuco	30	15/09/2004	14/09/2054	70.88	2,126.40
Santa Ana	195678	Lode	Pánuco	136.182	14/09/1992	13/09/2042	124.74	16,987.38
Yolanda	191083	Lode	Pánuco	43.458	29/04/1991	28/04/2041	124.74	5,420.91
Total hectares				**1,005.106**			**110.29**	**110,856.58**

Note: Concession “La Platosa” is not included because it is not held by Avino.

Map of Avino Mine Property Concessions



On February 18, 2012, through its subsidiary company Avino Mexico, Avino re-entered into an agreement (the Agreement) with Minerales de Avino, S.A. de C.V. ("Minerales"), whereby Minerales has indirectly granted to Avino the exclusive mining and occupation rights to the La Platosa concession. The La Platosa concession covers 98.83 ha and hosts the Avino vein and ET Zone.

Pursuant to the Agreement, Avino has the exclusive right to explore and mine the concession for an initial period of 15 years, with the option to extend the agreement for another 5 years. In consideration of the grant of these rights, Avino must pay to Minerales the sum of $250,000, by the issuance of common shares of Avino. Avino will have a period of 24 months for the development of mining facilities.

Avino has agreed to pay to Minerales a royalty equal to 3.5% of NSRs. If at the commencement of commercial production from the property the monthly processing rate of the mine facilities is less than 15,000 tonnes, then Avino must pay to Minerales in any event a minimum royalty equal to the applicable NSR royalty based on processing at a minimum monthly rate of 15,000 tonnes. In the event of a force majeure, Avino shall pay the minimum royalty as follows:

- first quarter: payment of 100% of the minimum royalty;
- second quarter: payment of 75% of the minimum royalty;
- third quarter: payment of 50% of the minimum royalty;
- fourth quarter: payment of 25% of the minimum royalty; and
- in the case of force majeure still in place after one year of payments, payment shall recommence at a rate of 100% of the minimum royalty and shall continue being made as per the quarterly schedule.

Minerales has also granted to Avino the exclusive right to purchase a 100% interest in the concession at any time during the term of the Agreement (or any renewal thereof), upon payment of $8 million within 15 days of Avino's notice of election to acquire the Property. The purchase would be completed under a separate purchase agreement for the legal transfer of the concession. This agreement replaces all other previous agreements.

During the month of May of each year, Avino must file assessment work made on each concession for the immediately preceding calendar year. During the months of January and July of each year, Avino must pay in advance the mining taxes which are based on the surface of the concession and the number of years that have elapsed since it was issued.

Consistent with the mining regulations of Mexico, cadastral surveys have been carried out for all the listed mineral concessions as part of the field staking prior to recording (Slim 2005d). It is believed that all concessions are current and up to date. Mineral concessions in Mexico do not include surface rights. Avino has entered into agreements with communal land owners (Ejidos) of San José de Avino, for the temporary occupation and surface rights of the concessions.

Based on a review of documents, issued title certificates and the unhindered residence on the Property, Tetra Tech has verified that Avino owns the concessions through its Mexican subsidiary company, Avino Mexico, and that there is no indication of any encumbrances at the site. Furthermore, the legal document prepared by Jesús Bermúdez Fernández, dated February 18, 2012, delineating the terms of the agreement on the La Platosa concession has been sourced for information.

History

Avino Mine

The Avino deposit was originally discovered around 1555 by the Spanish conquistador, Don Francisco de Ibarra. In 1562, Francisco de Ibarra, was appointed governor of the newly formed province of Nueva Vizcaya, in the Viceroyalty of Nueva España (New Spain) and, in 1563, founded the town of Durango. Francisco de Ibarra led several expeditions in search of silver deposits in the region and is recognized as having established Minas de Avino, present day Avino Mine; San Martín, Durango; and Pánuco, Sinaloa. Mining activities at the Avino Mine are said to have commenced in 1562-1563 and continued up to the onset of the War of Independence (1810) when operations were interrupted but later continued through to the Mexican Revolution the early 1900s.

In 1880, the mines were taken over by Avino Mines Ltd., a company controlled by American and English interests. With aid of new industrial technology the Avino Mine developed into a more efficient mining operation. By 1908, the Avino Mine was considered one of the largest open pit mines in the world and equipped with one of the largest smelters (Gallegos 1960; Bannon 1970; VSE 1977; Slim 2005d).

During the outbreak of the Mexican Revolution in 1910, proceeds from the mine supplied funds to the revolutionary forces. Since much of the fighting occurred in and around Durango and the risk posed by brigands hiding in the mountains was high, the mine was abandoned in 1912.

Between 1912 and 1968, the mine was worked intermittently on a very small scale (Avino Annual Report 1980). There is no known historical record of production from the Avino Mine during this period. The Avino Property was acquired under current ownership in 1968.

In 1968, the current operators of the Avino property acquired an initial 49% interest in the property. Initial mining was by open-cut in the oxide material from 1976 until 1992 when the stripping ratio was becoming excessive and sulphide content increasing, at which date the extraction was transferred to underground. This necessitated a mill change from the prior lead concentrate production to one of copper carrying silver and gold. In the 1990s a larger ball mill was installed to increase throughput to 1,000 t/d.

During the underground mining period starting in 1992, Trackless mining was adopted, with all underground advancement headings sized at 4m x 4m. Mine access from surface was by a spiral ramp from a portal on the south side of the hill and there is a secondary ramp– Rampo El Trompo – on the north side, close to the maintenance shop.

Production was by sub-level stoping with a sub-vertical increment restricted from 11m to 15m to countermine dilution arising from an occasional, semi-incompetent hanging-wall. Stopes were started by raising, and then slashing to the designated width. Blasting was by parallel holes drilled with a traditional drill wagon. Rib and sill pillars were left but are generally considered as non–recoverable.

Standard mine development was by using boom jumbo with waste being dumped where possible into old stopes. Ore mucking and haulage was by scoop tram and dumped on surface at the main portal. The ore was then picked up and transferred to the plant ROM hopper about 300 m away.

A surface-stacked, downstream tailings-system was adopted with cyclones on the tails discharge line to provide coarse wall-material. Decant water was recovered by a back-slope gradient and pumping, for mill re-circulation. A second, stepped-back bench was created, possibly about 1986 or 1987. A third bench was started, apparently in 1990, with about two years placement of final oxide material then continued with the sulphide tails.

The Avino Mine and processing plant were serviced by a heavy equipment repair shop, mechanical and electrical shops, assay office, metallurgical laboratory, warehouse and other auxiliary facilities. Electric power was supplied by the government-owned Federal Electricity Commission.

In November 2001, delays in payments, low metals prices and the closure of the toll smelter led to the suspension of mine operations. During the 27-year period of extracting and processing resources starting in 1974, output from the Avino mine totalled approximately 497 tons of silver, three tons of gold, and 11,000 tons of copper. When mining activities stopped, level 12 of the mine had been reached.

The property was mainly dormant from 2002 to 2006, largely due to low copper and silver prices.

San Gonzalo Mine

The history of the San Gonzalo deposit is not well known. Shallow workings from an old mine are present in the San Gonzalo vein, and they consist of small underground workings which were originally accessed by a five-level vertical shaft. These workings were sampled by M. Evans in 1954. The workings are accessible through a raise that was driven in 2012 which is being used for ventilation. No attempts have been made to duplicate the results of the 1954 sampling. The limits of past workings have been taken from old maps but are assumed to be reasonably accurate (Gunning 2009).

Current Condition

San Gonzalo Mine

Avino gained control of the property in July 2006 and exploration (see exploration section below) resumed that year; this led to the discovery of new mineralization at San Gonzalo.

The original underground workings extend over an area approximately 150 m along strike and 136 m in depth. In 2007-08 Avino conducted a 42-hole, 9,204 meter drill program to explore the San Gonzalo deposit. Drilling produced encouraging results which were input into a resource calculation in 2009.

Following a 2009 mineral resource estimate, independently verified preliminary metallurgical testing on a composite sample of San Gonzalo material was completed at SGS Minerals Services in Durango, Mexico. The results indicated the silver and gold minerals from the San Gonzalo vein at lower levels would respond favorably to flotation with gold recoveries of 89 to 90% and silver recoveries of 92 to 93%.

The San Gonzalo mining activities began in January 2010. DMG, the mining contractor, was contracted to provide this service. Their original scope of work was to drive the main haulage decline to level 2 and to intersect the vein; drift and sample to the east and the west on the vein, and to determine the extent of the mineralized zones and to extract the 10,000 tonne bulk sample for testing as per the recommendations of the Orequest Mineral Resource Estimate Report. A smaller decline to level 1 was also commissioned and its purpose was for ventilation and an escape route once the two levels were connected by raises from level 2 to level 1. This scope of work was extended with the successful completion of the bulk sample program, and mining continued with the aim of developing San Gonzalo to a state whereby it could provide mill feed at the rate of 250 tonnes per day on a sustained basis.

Processing of San Gonzalo material began in late November 2010 in the newly refurbished 250 tonne per day bulk flotation circuit. Testing with extracted material was performed initially to ensure the circuit was operating satisfactorily before the bulk sample test with material from the stopes began in January of 2011. The bulk sample test continued until early April 2011 when the limit of 10,000 tonnes was achieved for the independent verification. Processing of the remaining San Gonzalo material on stockpile continued until the middle of May. During this period of November 2010 to May 2011, the plant processed a total of 19,850 tonnes leaving approximately 14,798 tonnes remaining on stockpile in inventory by calculation.

The majority of the concentrate processed during the bulk sample test was sold and the assays from the concentrate sale were used to reconcile the mill balance as reported following the verification of the bulk sampling results. All the remaining concentrate processed from the extracted material was shipped and sold early in 2012.

Following the completion of the bulk sample which was comprised of material from levels 1 and 2, mine advancement at San Gonzalo has been ongoing. In 2012, the remaining material from the stopes on level 2 was mined and brought to the surface. During 2012, level 3 was the main focus of mining activities with two stopes having been developed and partially extracted by the end of the year. By the end of July, a decline from level 3 to level 4 had been completed and work on the ramp to level 5 had commenced. By year-end, level 5 had been reached and stope advancement on level 4 was underway. Underground advancement for 2012 totaled 2,558 meters consisting of ramp advancement, cross cuts, drifts and raises.

During 2013 the extraction of resources came mainly from level 4. Advancement of level 5 was ongoing and by year end a sampling program totaling 440 meters had been completed. The ramp from level 5 to level 6 had been completed by April 2014.

During 2014, mine exploration and advancement included the discovery of significant additional mineralization along strike to the southeast while drifting on level 5. These areas had not previously been considered for mining. Following this discovery, the extension of this new mineralized zone was explored on levels 2 through 6. Previous exploration did not encounter this area as the vein had pinched out and an offset of the vein was not considered at that time. During 2014, extraction of resources came primarily from levels 5 and 6 as well as from mined material from the new zone on level 3. Advancement work on level 6 continued throughout the fourth quarter, and by year end the main haulage ramp had progressed past the level 7 elevation of 2,043 meters above sea level towards level 8.

During 2015, San Gonzalo mill feed came primarily from stopes on levels 4, 5 and 6. During the second quarter, the ramp advance was deferred (at 70 metres below level 7) in favor of using the mining equipment to advance levels 5, 6 and 6.5 laterally along the San Gonzalo structure to the East and West where the new mineralized zones were identified in 2014.

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

In 2017, San Gonzalo mill feed came from stopes on levels 4, 5, 6 and 7 with most of the tonnage coming from stopes 4-020, 6-030, 6.5-070 and 7.5-200. Smaller amounts came from 5-020 and 5-030.

In 2018, San Gonzalo mill feed came from stopes on levels 2, 3, 4, 5 and 6 with most of the tonnage coming from stopes 3-020, 4-010, 4-020, 5-010, 6-020 and 6.5-070. Smaller amounts came from 2-380 and 6.5-100.

Access to the underground at San Gonzalo is via a 4m by 4m decline developed at -12%. The decline is developed at about 20m to 25m from the mineralized material. San Gonzalo is using shrinkage mining for the narrower mineralized material, ~1.4m in width and cut and fill mining for mineralized material wider than 2m.

The San Gonzalo Mine has been the subject of three mineral resource estimates, the most recent of which was published on February 21, 2018, as amended on December 19, 2018; please see the section below on *Mineral Resource Estimates* for more details.

Avino Mine

In February 2012, a new long-term royalty agreement was signed to grant Avino mining rights to the main Avino vein. At the time of signing this agreement, Avino planned to refurbish the existing 1,000 TPD circuit to process the material from the main Avino vein.

To resume underground advancement at the Avino Mine, the existing underground workings had to be de-watered; the dewatering process was completed in May 2014. The process lasted for a total of 482 days, and successfully removed 1,013,069 cubic meters of acidic water which was then treated for the removal of base metals using lime. The treated water, which met agricultural standards for discharge, was used for mill processes and the excess was gravity fed to the Company-built La Caricol dam; sludge from the water treatment plant was disposed of in the tailings storage facility.

Following dewatering and rehabilitation of the haulage ramp, underground mining activities re-commenced at the Avino Mine. Full scale mining began at level 11.5 with drifts heading east and west along the vein during the third quarter of 2014. By the end of 2014, a total of 877 metres of underground advancement had taken place on levels 11.0 and 12.0 with the haulage ramp advancing to level 12.5.

Initially, new material from underground at Avino was processed on a limited scale using the existing 250 TPD Mill Circuit 2. By year end, rehabilitation of the 1,000 TPD Mill Circuit 3 had been completed and sufficient material had been stockpiled; on January 1, 2015, the Company commenced testing of mining and milling methods at levels anticipated for full-scale activities.

During 2015, underground advancement totalled 5,056 metres and took place mainly in levels 12.5 to 14.5 with the ramp advancing to level 15. The breakdown of the advance in 2015 consisted of 2,855 metres of drifts, 785 metres of ramp, 1,050 metres of crosscuts and 366 metres of raises.

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

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

In 2017, the Company announced plans to increase the throughput capacity of the processing plant by adding an additional 1,000 TPD circuit intended to process mill feed from another area of the Mine known as San Luis. The San Luis area of the Avino Mine was last mined in the 1990's and is accessed through a separate portal located approximately 2 km from the main entrance of the Avino Mine (Elena Tolosa area). Current resources at San Luis were included in the most recent resource estimate on the Avino property, which can be found in Avino's news release dated February 21, 2018

During 2018 work at San Luis was primarily focused on restoration of the main haulage ramp, which was completed during the third quarter. With the haulage ramp complete, work is underway to begin drifting on levels 6 and 6.5, followed by levels 7, 7.5, 8, 8.5 and 9. Most of these areas were partially developed during the 1980's and 90's prior to the mine's closure. Underground development at San Luis was temporarily reduced to save costs in the third and fourth quarters. Mill feed from the San Luis area was processed using the 250 TPD Mill Circuit 2.

During 2018, underground advancement totaled 3,462 metres with the ramp advancing to level 17. Breakdown of the advance consisted of 1,502 metres of drifts, 224 metres of ramp, 1,336 metres of crosscuts and 400metres of raises. Production mining with the Trac Drill took place on all the developed levels up to level 17. Some mill feed from development mining came from levels 15.5 and 16. The drill results were disclosed as follows:

- The Company announced drill results from Avino Open Pit Mine area on its press release dated December 4, 2018 and on Form 6K with SEC on the same date;
- The Company announced drill results from the El Chirumbo and Guadalupe Area of the Avino Property on its press release dated July 11, 2018 and on Form 6K with SEC on the same date;
- The Company announced drill results from its current exploration drill program on the El Chirumbo,

Guadelupe, and San Juventino Area of the Avino Property on its press release dated February 6, 2018 and on Form 6K with SEC on the same date.

The Avino Mine has been the subject of three mineral resource estimates, the most recent of which was published on February 21, 2018, as amended on December 19, 2018; please see the section below on *Mineral Resource Estimates* for more details.

Tailings Mineral Resource

Avino continues to explore options for exploiting the mine's tailings resource left from past mining of the Avino Vein. The tailings are situated approximately 500 m west-southwest of the main shaft to the main Avino mine.

This asset includes oxide and sulphide tailings, each requiring separate treatment methods. The tailings mineral resource was created between 1976 and 2001 during Avino's previous operation from both open pit (oxide tailings) then later underground (sulphide tailings) mining. Improved metals markets now potentially enable Avino to process the remaining silver and gold in the tailings.

The existing tailings storage facility is presently being used in connection with the operation of Mill Circuits 1, 2, 3 and 4. In 2017-8, the Company continued to evaluate plans to build a new tailings storage facility and other tailings storage options which is necessary to allow the existing TSF to be decommissioned, which will enable Avino to begin assessing the upper sulphide bench as well as the lower oxide bench in areas that are currently being used to store tailings from our active operations. The assessment work is part of the recommendations contained in a 2013 technical report intended to advance the oxide tailings mineral resource towards a production decision for an agglomerated heap leach Merrill-Crowe precipitation operation.

The oxide tailings were produced between 1974 and 1993 from open pit mining of the main Avino vein. For further details regarding the oxide tailings, please see the sections below titled: *Mineral Resource Estimates* and *Preliminary Economic Assessment on the Oxide Tailings Resource* or the Company's Technical Report on the Avino Property, dated February 21, 2018, as amended on December 19, 2018.

Project Infrastructure

The Avino Mine is connected to the local power grid with a line capacity quoted at 4 MW when the mine last operated in 2001. With the shutdown, much of this excess power was diverted to the surrounding towns in the district. Between 2001 and 2016 the powerline provided only 1,000 kW of power with 500 kW servicing the mill, 400 kW for San Gonzalo and the balance for the well at Galeana, the employee accommodation facility and water reclamation from the tailings dam. In 2009 a power line to the San Gonzalo Mine was built to replace the contractor's diesel generator used during mine advancement.

Discussions with CFE, the federal electricity commission in Mexico, on a new 34.5kV power line were completed in 2014 along with a study covering the proposed locations of towers and power poles. Additionally, in October 2014, CFE informed the Company that it had completed internal upgrades to several transformers that would enable CFE to provide Avino with sufficient grid power to operate all three mill circuits and both underground locations in the interim period prior to the commissioning of the new power line. Construction of the new power line was completed in 2015; and energized in June 2016. The new line is now fully functional at the design capacity of 5 megawatts ("MW"). Current power consumption at the mine is approximately 2MW, leaving sufficient additional power for near-term expansion projects that are currently being organized, such as the Oxide Tailings Heap Leach/Merrill-Crowe Precipitation Project (which would require 1 MW) and expansion of the processing plant, which will require a further 1 MW.

While water supply was found to be limiting in the past, Avino has taken the necessary steps to secure adequate supply. To supplement the 1 Mm^3 dam built by Avino in 1989, a well (Galeana) was drilled to the west of the mine site in 1996 to a depth of 400 m and is reported to have a water level at 40 m below the collar. From this, a pipeline connection has been installed to the mine. Additionally, Avino Mexico, in cooperation with the government, has repaired a government dam (El Caracol) and raised the dam wall by 6 m. A pipeline to the mine has also been installed. This dam is shared with the population of Pánuco de Coronado for their irrigation needs, as 60% for the mine and 40% for the town, with government setting the annual total take to which percent sharing applies. Mine site water use is from a combination of tailings water reclaim, El Caracol, and Galeana with preference given to mine site sources for which no water conservation charge was applicable (Slim 2005).

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

Processing Plant

In September 2006, the Company conducted a review of the plant, including the condition of all equipment, capacity of each circuit, and efficiency of the plant. The review was an order of magnitude cost estimate for putting the plant back into operation at the rate of 1,000 tpd, which was approximately $3 million. In the property valuation, the replacement cost of the mill was estimated at roughly $40 million.

The Company's processing plant was built in the 1970's and was refurbished to accommodate increased capacity in 1993. Most of the infrastructure was in place for two 250 tpd circuits and one 1,000 tpd circuit. At the time of shutdown in 2001 due to low commodity prices and the closure of a smelter, the mill was operating at an average rate of 1,130 tpd.

In order to perform the bulk sample program at San Gonzalo, major infrastructure spending and mill repairs were required. Most of these expenditures took place in 2008 and 2009 with additional spending required more recently as further needs arose to meet the demands of mining activities.

Beginning in May 2011, when the San Gonzalo stockpiled material was depleted following the bulk sample, the process plant was used to treat old stockpiles from historic extraction at the Avino Mine. These were lower-grade stockpiles which were originally considered marginal or waste due to prevailing metal prices at the time. These stockpiles were processed until underground advancement at San Gonzalo was sufficient to provide mill feed at a sustained rate of 250 tonnes per day. On October 1, 2012, Avino made the transition to San Gonzalo mill feed and declared that resource extraction and processing had reached levels intended by management at San Gonzalo.

During the second quarter of 2013, a second 250 tpd circuit ("Mill Circuit 2") in the mill was commissioned and put into operation for the processing of remaining Avino Mine surface stockpiles. In September 2014, Mill Circuit 2 began processing new mineralized material from the Avino Mine during the mine's commissioning phase. On January 1, 2015, Mill Circuit 2 transitioned to processing feed material from the San Gonzalo Mine stockpile which continued throughout the first half of 2015 apart from May, when Mill Circuit 2 was once again used to process Avino Mine surface stockpiles. During the second half of 2015, Mill Circuit 2 was used to process mineralized material from the Avino Mine underground in July, August, November and December; and mineralized material from the San Gonzalo Mine during September and October. In 2016, Mill Circuit 2 is expected to primarily process mineralized material from the Avino Mine.

In November 2014, Avino completed its Mill Circuit 3 expansion in preparation for the re-opening of the main Avino Mine. The refurbished circuit was initially commissioned using historic above ground Avino Mine stockpiles during November and December of 2014. Mill Circuit 3 began processing new mill feed from underground at the Avino Mine beginning on January 1, 2015. During 2015, Mill Circuit 3 was optimized to process approximately 1,150 tonnes per day. In the second quarter of 2016, the Company declared that effective April 1, 2016, extraction and processing had reached levels intended by management at the Avino Mine.

In June 2018, Avino completed its 1,000 TPD Mill Circuit 4 expansion, increasing the plants throughput capacity to 2,650 TPD. During the startup, testing and commissioning phase which lasted through the end of 2018, Mill Circuit 4 processed material from historic above ground Avino Mine stockpiles. Mill Circuit 4 is expected to transition to processing newly mined-mined mill feed from the San Luis area of the Avino Mine in 2019 once sufficient development work is completed to support the 1,000 TPD circuit.

Circuit #	*Operating Throughput (TPD)*	*Sources of Mill Feed*	*Operating Status*
1	*250*	*San Gonzalo Mine ("SG")*	*Online*
2	*250*	*Avino Mine Stockpiles, Avino Mine ("SL")*	*Online*
3	*1,150*	*Avino Mine ("ET")*	*Online*
4	*1,000*	*Avino Mine Stockpiles, Avino Mine ("SL")*	*Online*

- Circuit 1 is expected to continue to process mineralized material from the San Gonzalo Mine until the mine closes at which point it is expected to transition to processing mineralized material from Elena Tolosa ("ET") area of the Avino Mine.
- Circuit 2 is expected to continue to process mineralized material from the San Luis ("SL") area of the Avino Mine.
- Circuit 3 is expected to continue to process mineralized material from the Elena Tolosa ("ET") area of the Avino Mine.
- Circuit 4 is expected to process mineralized material the Avino Mine stockpiles then transition to newly mined mineralized material from the San Luis ("SL") area of the Avino Mine.

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

Mining Fleet

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

Costs Incurred to Date

The table below for the years ended December 31, 2014 to December 31, 2018 contains selected financial data prepared in accordance with IFRS derived from our audited consolidated financial statements for the periods ending on such dates.

	Exploration and Evaluation Expenditures	*Capital Expenditures*	*Mine Operating Expenditures*	*Administrative Expenditures**	*Total*
2014	*3,099,000*	*7,318,000*	*10,315,000*	*3,434,000*	*24,166,000*
2015	*1,313,000(1)*	*3,947,000*	*24,105,000(1)*	*3,200,000*	*32,565,000*
2016	*67,000(1)*	*4,601,000*	*22,961,000(1)*	*4,940,000*	*32,569,000*
2017	*1,055,000*	*7,560,000*	*22,106,000*	*5,329,000*	*36,050,000*
2018	*658,000*	*10,831,000*	*27,850,000*	*4,182,000*	*43,521,000*

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

(1) Exploration and evaluation and mine operating expenditures for 2017, 2016 and 2015 are reflective of the change in retrospective change in accounting policy outlined at the beginning of Item 4-B, and disclosed in the Company's audited consolidated financial statements.

Below is a table summarizing the estimated planned future costs for 2019. The Company will need to raise capital to meet its planned future costs. No assurance can be given that the Company will be able to raise the amounts in the table below or that actual future costs will equal the amounts in the table below. If the Company is unable to raise capital to meet its planned future costs, it may have to curtail planned activities.

Year	**Mine Operating and Administrative Expenses**	**Capital and Exploration and Evaluation Expenditures**	**TOTAL**
2019	$ 32,800,000	$ 5,500,000	$ 38,300,000

Mineral Reserve Estimates

There are currently no mineral reserves on the Property.

Mineral Resource Estimates

Below is a summary of current mineral resources at the San Gonzalo and Avino Mines as well as the oxide tailings mineral resource (as reported in the February 21, 2018 Technical Report on the Avino Property, Durango, Mexico and amended on December 19, 2018) grouped into the measured, indicated and inferred categories. The effective date of the resource estimates is February 21, 2018.

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

				Grade				Metal Contents			
Resource Category	**Deposit**	**Cut-off (AgEQ g/t)**	**Tonnes (t)**	**AgEQ (g/t)**	**Ag (g/t)**	**Au (g/t)**	**Cu (%)**	**AgEQ (million tr oz)***	**Ag (million tr oz)**	**Au (thousand tr oz)**	**Cu (t)**
Measured and Indicated Mineral Resources											
Measured	Avino – ET	60	3,890,000	141	71	0.54	0.55	17.6	8.9	67.4	21,000
Measured	Avino – San Luis	60	650,000	142	67	0.70	0.49	3.0	1.4	14.6	3,000
Measured	San Gonzalo System	130	290,000	397	314	1.65	0.00	3.7	2.9	15.4	0
Total Measured	**All Deposits**	**-**	**4,830,000**	**156**	**85**	**0.63**	**0.51**	**24.3**	**13.2**	**97.4**	**24,000**
Indicated	Avino – ET	60	2,640,000	105	49	0.56	0.34	8.9	4.2	47.6	9,000
Indicated	Avino – San Luis	60	1,620,000	126	54	0.82	0.36	6.6	2.8	42.9	6,000
Indicated	San Gonzalo System	130	240,000	319	257	1.25	0.00	2.5	2.0	9.6	0
Indicated	Oxide Tailings	50	1,330,000	124	98	0.46	0.00	5.3	4.2	19.8	0
Total Indicated	**All Deposits**	**-**	**5,830,000**	**124**	**70**	**0.64**	**0.25**	**23.3**	**13.1**	**119.8**	**15,000**
Total Measured and Indicated	**All Deposits**	**-**	**10,660,000**	**139**	**77**	**0.63**	**0.37**	**47.5**	**26.3**	**217.2**	**39,000**
Inferred Mineral Resources											
Inferred	Avino – ET	60	2,380,000	111	58	0.51	0.33	8.5	4,4	39.1	8,000
Inferred	Avino – San Luis	60	1,780,000	124	57	0.72	0.38	7.1	3.2	41.2	7,000
Inferred	San Gonzalo System	130	120,000	262	219	0.86	0.00	1.0	0.8	3.3	0
Inferred	Oxide Tailings	50	1,810,000	113	88	0.44	0.00	6.6	5.1	25.6	0
Total Inferred	**All Deposits**	**-**	**6,090,000**	**118**	**70**	**0.56**	**0.24**	**23.2**	**13.6**	**109.2**	**15,000**

Notes: Figures may not add to totals shown due to rounding.
Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
The Mineral Resource estimate is classified in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum's (CIM) Definition Standards
For Mineral Resources and Mineral Reserves incorporated by reference into National Instrument 43-101 (NI 43-101) Standards of Disclosure for Mineral Projects.
Mineral Resources are reported at cut-off grades 60 g/t, 130 g/t, and 50 g/t AgEQ grade for ET, San Gonzalo, an oxide tailings, respectively.
AgEQ or silver equivalent ounces are notational, based on the combined value of metals expressed as silver ounces
Cut-off grades were calculated using the following assumptions:
For Avino (ET and San Luis), San Gonzalo: gold price of US$1,300/oz, silver price of US$17.50/oz, and copper price of US$3.00/lb
For Oxide Tailings: gold price of US$1,250/oz, silver price of US$19.50/oz
A net smelter return (NSR) was calculated and the silver equivalent was back calculated using the following formulas:
For ET: AgEQ = (24.06 x Au (g/t) + 0.347 x Ag (g/t) + 43.0 x Cu (%) – 151.8 x Bi (%)) / 0.347
For San Gonzalo: AgEQ = (0.03 x Au (g/t) + 0.385 x Ag (g/t) – 4.03/0.385
For Oxide Tailings: AqEQ = 69.37 x Au (g/t) + Ag (g/t)
No Mineral Resource has been estimated for the sulphide tailings portion of the Property.
Au – gold; Ag – silver; Cu – copper.

Method of Calculation

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

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

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

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

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

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

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

Preliminary Economic Assessment on the Oxide Tailings Mineral Resource

An update to the Preliminary Economic Assessment ("Oxide Tailings PEA") on the oxide tailings mineral resource was first published in the April 11, 2017 technical report on the Avino Property, Durango, Mexico, which was updated in 2018 for the Avino Mine.

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

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

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

Description	Base Case
Gold Price ($/oz)	1,250
Silver Price ($/oz)	18.5
Total Payable Metal Value ($'000)	148,892
Refining ($'000)	6,123
Transportation, Insurance ($'000)	214
At-mine Revenue ($'000)	142,555
Operating Costs ($'000)	47,034
Operating Cash Flow ($'000)	95,521
Pre-production Capital ($'000)	24,363
Sustaining Capital ($'000)	4,352
Salvage Value ($'000)	-861
Reclamation Cost ($'000)	606
Total Capital Expenditure, Including Reclamation and Salvage ($'000)	28,460
Cash Operating Costs ($/oz Ag Payable, net of Au credit)	2.21
Capital Costs ($/oz Ag Payable)	4.85
Total Costs ($/oz Ag Payable)	7.07
Net Cash Flow ($'000)	67,061
Discounted Cash Flow NPV ($'000) at 5.00%	48,922
Discounted Cash Flow NPV ($'000) at 8.00%	40,554
Discounted Cash Flow NPV ($'000) at 10.00%	35,786
Payback (years)	2.0
IRR (%)	48.4

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

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

- Excluding 1 year pre-production

Oxide Tailings PEA Study Parameters and Basis of Financial Evaluations

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

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

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

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

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

Sensitivity Analysis

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

Post-Tax Economic Analysis

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

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

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

Summary of Post-tax Financial Results

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

Capital and Operating Costs

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

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

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

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

Operating Cost Summary:

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

Mineral Processing, Metallurgical Testing and Recovery Methods

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

Mining Methods

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

Environmental

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

Mineral Resource Discussions

Oxide Tailings

A mineral resource was estimated for the oxide tailings generated from prior historical mining operations, using ordinary kriging (OK) interpolation and uncapped grades. The assay values for this estimate are based on 28 drill holes, which were completed on the oxide tailings by Compañía Minera Mexicana de Avino, S.A. de C.V. in 1990, and include 407.75 m of drilling and 383 assays of both gold and silver. The oxide tailings are estimated to contain a 2.34 Mt inferred mineral resource at a grade of 91.3 g/t silver and 0.54 g/t gold, with a 50 g/t silver cut-off. The entire resource is classified as an inferred mineral resource, based on the historical nature of the drilling (prior to the institution of NI 43-101 and associated quality assurance/quality control (QA/QC) requirements). Verification samples collected confirmed the presence of gold and silver mineralization at grades similar to those obtained in the original tailings drilling campaign and confirmed that the Mine’s lab assays are not materially different from those of external labs. It is QG Australia (Pty) Ltd.’s opinion that the oxide tailings sampling data are considered sufficient to support the purpose of the Technical Report and a current inferred mineral resource.

Mineral Resources

The Companys August 2016 mineral resource estimate was used as the resource base for the Oxide Tailings PEA. This new estimate includes data from 57 holes drilled during the last two years. Due to closer drill hole spacing, there is sufficient information to justify elevating 1,330,000 tonnes of the previous 2,340,000 tonnes of inferred resources to the indicated category. However, there is still an additional inferred resource of 1,810,000 tonnes in the new estimate. The oxide tailings resource is accessible on surface and contains significant gold and silver grades. The resource estimate used in the Oxide Tailings PEA for the oxide tailing resource is outlined in the table below at a cut-off grade of 50 AgEQ g/t.

Measured & Indicated Mineral Resources				**Grade**				**Metal Contents**		
Resource Category	**Deposit**	**Cut-off (AgEQ g/t)**	**Metric Tonnes**	**AgEQ g/t**	**Ag g/t**	**Au g/t**	**Cu%**	**Ag Million Tr Oz**	**Au Thousand Tr Oz**	**Cu T**
Indicated	Oxide Tailings	50	1,330,000	124	98	0.46	0.00	4.2	19.8	0
Inferred	Oxide Tailings	50	1,810,000	113	88	0.44	0.00	5.1	25.6	0

Note on Mineral Resources

Mineral resources that are not mineral reserves do not have demonstrated economic viability. The Oxide Tailings PEA is preliminary in nature as it includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable to them to be categorized as mineral reserves. At this time there is no certainty that the results of the Oxide Tailings PEA will be realized.

Recommendations

The Technical Report contains the following recommendations for further work:

Resource Estimates

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

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

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

Process

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

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

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

Environmental

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

Qualified Person(s)

The Qualified Persons as defined by NI 43-101, who supervised and are responsible for the Technical Report on the oxide tailings retreatment of the Avino Mine, and have reviewed the scientific, technical and financial content of this Annual Report, are Hassan Ghaffari, MASc., P.Eng., P.Eng, Jianhui Huang, PhD., P.Eng, of Tetra Tech Canada Inc., Sabry Abdel-Hafez, PhD., (previously with Tetra Tech Canada Inc.) and Michael O'Brien P.Geo., Pr.Sci.Nat., who is an employee of Ausenco Engineering Canada Inc. (previously with QG Australia Pty Ltd., an ARANZ Geo Company) and independent of Avino, as defined by Section 1.5 of NI 43-101.

San Gonzalo Mine – Resource Depletion

The mineral resource estimate at San Gonzalo factors in depletion from ongoing mining activities up to the effective date of February 21, 2018. Between the effective date and December 31, 2018, a total of 117,298 tonnes were extracted.

Avino Mine – Resource Depletion

The mineral resource estimate at San Gonzalo factors in depletion from ongoing mining activities up to the effective date of February 21, 2018. Between the effective date and December 31, 2018, a total of 539,206 tonnes were extracted.

Exploration - Avino Vein

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

Between 1968 and 2001, at least 25 diamond drill holes, ranging in length from 132 to 575 m, are reported to have been drilled from surface into the Avino vein. Included in this total are 10 holes that were drilled by Selco in 1970 when they were re-habilitating some of the old underground workings to provide access for sampling (Slim 2005d). No further information on these drill holes was available to Tetra Tech and they are not included in the resource estimate for the Avino vein.

Oxide Tailings, 1990 to 1991

Between November 10 and December 5, 1990, and March 8 and May 30, 1991, Avino completed six trenches and 28 vertical drill holes in the tailings along 7 fences at a spacing of roughly 50 m by 50 m (Benitez Sanchez 1991). Drilling was completed transversely to the drainage pattern of the tailings. Cut at 1 m vertical increments, 461 samples were assayed for silver and gold at the mine assay lab and occasional moisture contents were reported. Assay results from these drill holes have been previously reported (Tetra Tech 2013).

Recent Drilling (Post Mine Closure), 2001 to Present

A total of 156 surface and underground drill holes have been completed on the Avino and San Gonzalo veins, totalling 35,846.5 m. Additional exploration holes have been drilled elsewhere on the Property, but those drilling results are not considered material. Most holes were surveyed down hole using a Tropari single-shot magnetic instrument. Of those holes for which down hole surveys were completed, the majority contain three or fewer measurements, typically at the collar and near the end of hole, and sometimes part-way down the hole. Many holes were not surveyed to within 10 m of the end of the hole.

Geophysical Surveys: Induced Polarization (IP)

In December 2006, Avino conducted an 80 km line deep penetrating IP survey at the property. IP geophysics helps identify drill targets. The IP survey was completed in 2007. Avino did follow-up soil geochemical, satellite imagery and other surveys to better define targets in the covered areas.

Avino Vein (including ET Zone) and Nearby Veins

Since 2001, Avino has drilled 34 holes below Level 12, where mining ceased, for a total of 11,523.2 m. Drilling has targeted the ET Zone in particular. There were 5 holes completed in 2006 (2,166.85 m), 12 holes in 2007 (3,906.5 m), 8 holes in 2008 (2,186.7 m), and 9 holes in 2012 (3,263.15 m).

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

Additional drilling around the Avino Vein in 2017 and 2018 was focused on the El Chirumbo and San Juventino areas. The historic El Chirumbo area is located at the east end of Avino vein and was previously mined prior to 1940 and is characterized by gold rich mineralization in narrow veins. In 2017 and 2018, 10 diamond drill holes were completed totalling approximately 2,240 metres. An additional five holes totalling 1,300 metres were drilled at the San Juventino area which is located where the Avino-San Juventino and Footwall Breccia intersect north of the main Avino Vein system.

Since the Avino deposit strikes approximately east-west and dips at 60° to 70° to the south, holes are generally oriented from south to north at various bearings and dip angles in order to intersect the structure at a target depth. Holes were drilled using Avino's Longyear 44 core rig at thin wall NQ diameter.

San Gonzalo and Nearby Veins

At San Gonzalo, Avino drilled 40 holes in 2007 (9,222.9 m), 6 in 2008 (1,782.65 m), 18 in 2011 (3,618.57 m), 15 in 2014 (3,631.93 m), and 25 in 2015 (3,197.60m) for a total of 104 drill holes and 21,453.65 m. All holes were of thin wall NQ size core diameter and were completed using Avino's Longyear 44 core rig with the exception of 6 underground holes in 2014 and 14 in 2015. Additional holes also explored the nearby Guadalupe, San Juventino, San Lucerno, Mercedes, San Jorge, and Yolanda veins.

According to Gunning (2009), the collars for 2007 and 2008 drill holes were marked by concrete monuments and the collars have been surveyed. A check of the coordinates with a handheld global positioning system (GPS) revealed a possible 10 m constant error which may simply mean that all of the mine coordinates are not precisely Universal Transverse Mercator (UTM). However, this could also indicate the existence of a small surveying error on the Property.

In 2011, 69 holes totalling 9,862.97 m were drilled principally in the following locations: San Gonzalo (18 holes, as above), Aguila Mexicana (2 holes), Guadalupe (25 holes), La Potosina (9 holes), Mercedes (1 hole), San Jorge (3 holes), San Juventino (3 holes), San Lucero (5 holes), Tucero (1 hole), and Yolanda (2 holes). With the exception of the San Gonzalo vein, all of these locations are considered targets for further exploration.

In 2014, Avino undertook a 15 hole (3,631.93 m) surface and underground definition drill program to test the San Gonzalo vein at depth. In April 2014, a 70 meter cross cut was completed on level 6, and the underground drill program started on May 2. Three holes were drilled from the cross cut (SG-14-01 through SG-14-03).

Surface drill holes SG-14-04 through SG-14-10 were drilled between June and October 2014. Hole SG-14-11 was an underground hole drilled in October 2014 from the end of the San Gonzalo level 6 crosscut (same location as SG-14-01 through SG-14-03).

Holes SG-14-12 and SG-14-13 were drilled during October and November 2014 from the end of a crosscut on level 7. A sudden inflow of water on November 17, 2014 caused hole SG-14-13 to be terminated. Surface drilling later resumed and holes SG-14-14 and SG-14-15 were drilled by December 31, 2014.

In 2015, the Company continued its definition drill program intended to define the boundaries of the San Gonzalo structure. In total, 25 holes were completed totaling 3,197.60m metres. From January 2015, through the end of April, 19 holes were drilled of which 5 were from surface and 14 were underground holes (SG-15-1 through SG-15-16). Drilling resumed in September 2015 with Hole CH-07-01 which was the deepening of a hole drilled in 2007 on the Chihuahua vein, which is an extension of the San Gonzalo structure. Drilling then resumed at San Gonzalo to test the southeast extension of the structure; drilling for the year concluded in November with the completion of hole SG-15-24. No holes were drilled at San Gonzalo in 2016.

In 2017 and 2018, eleven holes were drilled at the Guadalupe area totalling 2,020 metres. The Guadalupe area is located on surface at the west end of the San Gonzalo mine.

Reclamation

The Company has mine closure and reclamation plans for the Avino and San Gonzalo Mines and has estimated the undiscounted value of reclamation at approximately $1.5 million for the Avino Mine and approximately $0.3 million for the San Gonzalo Mine as at December 31, 2018.

As per Federal Mexican regulations (LGEEPA), both the SEMARNAT and PROFEPA ministries require Avino to present in its first semi-annual report a "General Plan to Remediate the Site" including dates, activities, techniques, and costs that will ensure restoration of affected areas, considering complete reforestation of impacted sites, removal of foundations and infrastructure that are no longer useful, roads that no longer have any use, removal and proper disposal of all rubbish, closing off adits that are no longer needed and restoration of the tailings facility at the end of its operational life. Avino will also need to present a reforestation program for the entire surface area affected during mining activities. This program will include caveats to safeguard flora and fauna.

Avino Property Activity Summary

The table below presents material mined, material processed, concentrate produced, concentrate sold, and average realized concentrate pricing for each of the San Gonzalo Mine, the historic Avino stockpiles, and the Avino Mine.

	2018			2017		2016	
	San Gonzalo	Avino Historic Above Ground Stockpiles	Avino Mine	San Gonzalo	Avino Mine	San Gonzalo	Avino Mine
Processed							
Tonnes	79,140	202,830	426,794	81,045	460,890	115,047	429,289
Grade							
Gold (g/t)	1.03	0.41	0.49	1.32	0.52	1.25	0.42
Silver (g/t)	222	58	53	269	64	267	67
Copper (%)	N/A	0.2	0.6	N/A	0.5	N/A	0.5
Concentrate Produced							
tonnes	3,174	1,890	9,395	3,167	9,782	4,115	9,390
Grade							
Gold (g/t)	19.15	22.99	15.31	26.27	16.72	25.9	12.23
Silver (g/t)	4,250	3,540	2,030	5,800	2,560	6,220	2,620
Copper (%)	N/A	6.53	21.96	N/A	20.28	N/A	20.32
Concentrate Sold							
tonnes	4,051.69	1,818.28	8,314.90	2,895.08	9,139.73	3,229.97	10,761.81
Grade							
Gold (g/t)	20.08	22.48	14.75	17.16	16.27	20.56	11.48
Silver (g/t)	3,450.90	2,582.18	2,014.54	5,129.31	2,381.36	5,175.13	2,448.42
Copper (%)	n/a	6.84%	23.11%	n/a	18.38%	n/a	19.01
Average Realized Pricing (US$/oz)							
Gold ($/oz)	1,251.07	1,259.82	1,254.78	1,270.75	1,267.09	1,249.70	1,257.91
Silver ($/oz)	15.44	15.41	15.33	17.01	17.07	17.09	17.74
Copper ($/lb)	n/a	2.94	2.92	n/a	2.84	n/a	2.19

Bralorne Property—British Columbia, Canada

Introduction

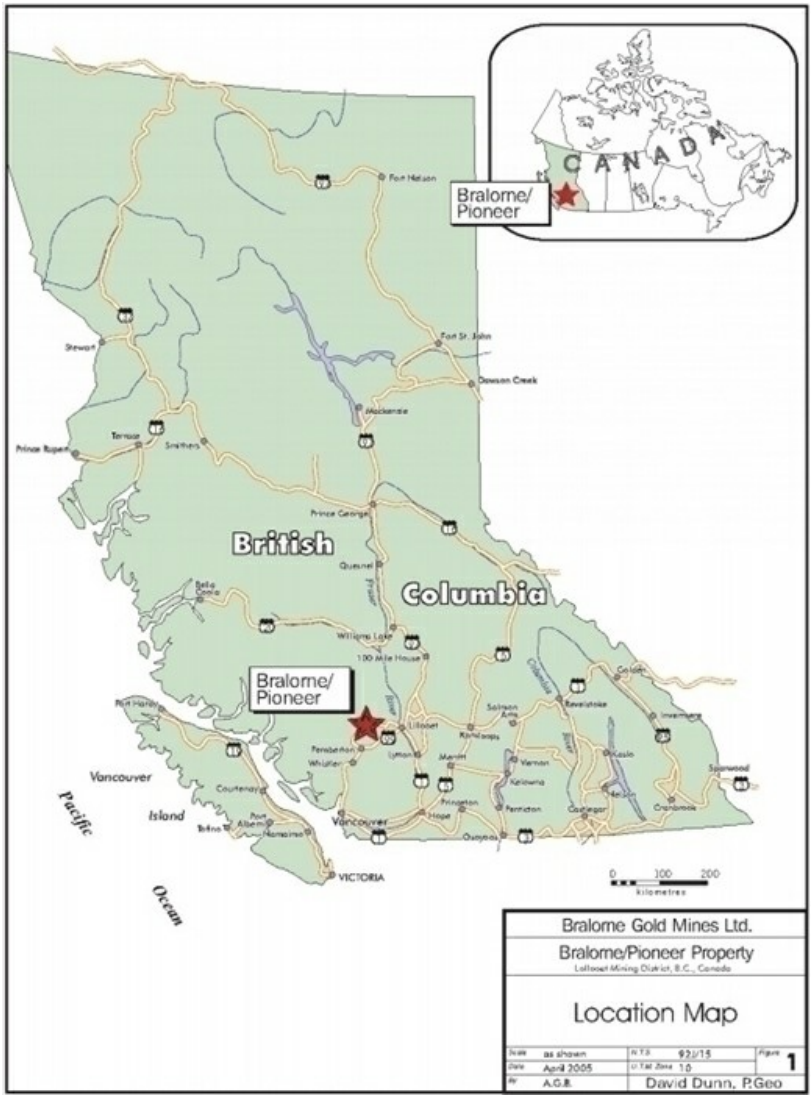
The Bralorne property consists of approximately 11,189 acres (4,528 hectares) of mineral claims located in southwestern British Columbia, Canada, which cover three former gold mines with historic production of 4 million ounces of gold between 1928 and 1971. Since these mines closed, exploration has been carried out by various companies. A new vein was discovered in 2006 that spurred renewed exploration drilling followed by test mining and processing between 2011 and 2014 for a total of 18,436 ounces of gold recovered.

Assets include underground mining equipment, tailings storage facility, water treatment plant, and associated surface shops, accommodation and office buildings. Historically, the property was permitted for extracting and processing resources at a rate of up to 450 tonnes (approximately 500 tons) per day. More recently, in 1996 under M-207 amended in 1997, 2004, 2010, the mine was permitted to operate at 100 tons per day until its shutdown in 2014; A permit amendment for Permit M-207 was received in November 2017 updating the Permit to current standards and allowing the company to restart the Bralorne Mine at 100 tons per day, which included incorporation of the updated Interim Closure and Reclamation Plan ("ICRP"). An additional permit amendment to Permit M-207 to allow for expansion beyond the 100 tons per day is currently being contemplated by the Company. On October 21, 2016, Avino announced the results of an updated NI 43-101 resource estimate for the Bralorne property. The resource estimate has been included in an updated NI 43-101 technical report, prepared by Kirkham Geosystems Ltd., which was filed on SEDAR and EDGAR on October 27, 2016 and is discussed in more detail in the Resource Estimate section below. Continued exploration and trial mining is planned with the aim of lowering costs and outlining sufficient additional resources for an expansion of activities.

Location and Access

The Bralorne Property is located northeast of Vancouver, British Columbia, Canada and is accessible by road from Vancouver 322km through the Fraser Valley along Highway 1 to Lytton, and then to Lillooet on Highway 12, or alternatively 255 km from Vancouver on Highway 99 through Squamish, Whistler and Pemberton to Lillooet. From Lillooet it is another 105 km on Highway 40 through Gold Bridge to the town of Bralorne.

The property is situated as illustrated in the figure below:



The community of Bralorne lies in the centre of the property. This town site was built to support historic mining operations and now has about 70 full-time residents. The community of Gold Bridge lies 11 kilometres northwest of Bralorne and including the surrounding area has a population of approximately 50. There are limited facilities in Gold Bridge, including two motels, a restaurant, gas station, grocery store, and one school covering kindergarten to grade seven levels. Additional services are available in Lillooet or Pemberton.

Geology and Mineralization

The Bralorne property is situated at a tectonic boundary between the regionally extensive Cache Creek and Stikine allochthonous terranes. The Bridge River terrane, part of the Cache Creek terrane, is comprised of Mississippian to Middle Jurassic accretionary complexes of oceanic basalt and gabbro and related ultramafic rocks, chert, basalt, shale and argillite. It is juxtaposed with Late Triassic to Early Jurassic island arc volcanic rocks and mostly marine, arc-marginal clastic strata of the Cadwallader terrane, interpreted as part of the Stikine terrane.

The region has been intruded by a wide range of Cretaceous and Tertiary plutonic and volcanic rocks and their hypabyssal equivalents. Most significant among these are the dominantly Cretaceous granitoid bodies that form the Coast Plutonic Complex, which locally is characterized by the 92 Ma Dickson McClure intrusions, and the large individual bodies of the Late Cretaceous Bendor plutonic suite. Hypabyssal magmatism is reflected by emplacement of porphyritic dikes between 84 and 66 Ma, with the youngest magmatic event being 44 Ma lamprophyre dikes (Hart et. al. 2008).

The district was deformed by mid-Cretaceous contractional deformation within the westerly-trending Shulaps thrust belt, and by contractional and oblique-sinistral deformation associated with the Bralorne-Eldorado fault system. The timing of this deformation and metamorphism is bracketed around 130–92 Ma. The Bridge River and Cadwallader terranes are juxtaposed along the Bralorne-Eldorado fault system, which consists of a 1 to 3 km wide linear zone of tectonized and serpentinized slices of late Paleozoic mafic and ultramafic rocks.

The main gold-forming event in the Bridge River district is interpreted to have taken place at around 68 to 64 Ma at the Bralorne-Pioneer deposit. Mineralization pre-dated or was synchronous with the emplacement of the Bendor batholith, and the gold event overlaps initiation of dextral strike-slip on the regional fault systems in this region.

The principal stratigraphic assemblages of the local area include the Bridge River Complex and Cadwallader Group. The Bridge River Complex is subdivided into two packages, sedimentary and volcanic, with a thickness of 1,000 m or more of ribbon chert and argillite with very minor discontinuous limestone lenses, and large volumes of basalt. The Cadwallader Group has been subdivided into three formations: the lowermost sedimentary Noel Formation, the Pioneer Formation greenstones, and the upper Hurley Formation sedimentary rocks. The Pioneer Formation ranges from fine-grained, massive amygdaloidal flows and medium-grained dykes or sills, to coarse lapilli tuffs and aquagene breccias. It is estimated to be at least 300 m thick in the Cadwallader Valley, but may be thicker elsewhere. The Hurley Formations is comprised of rhythmically layered green volcanic wacke and darker argillite. The Noel Formation consists of black argillites that are less calcareous than those of the Hurley.

Igneous rocks within the Bralorne area include Upper Paleozoic ultramafic rocks and associated Bralorne intrusive suite, Mesozoic Coast Plutonic rocks, Tertiary Bendor intrusive rocks, and dykes of Cretaceous-Tertiary age. Ultramafic rocks, called the President ultramafics, form narrow serpentinized bodies and with the pillow basalts and radiolarian ribboned cherts of the Bridge River Complex, they complete the trinity of a typical ophiolite package. The ultramafic rocks in the Bralorne area range from dunite to pyroxenite, but peridotites are most common. Usually they are partly to completely serpentinized, or altered to talc-antigorite-tremolite-carbonate, and are intruded by diorite. The Bralorne intrusive suite includes augite diorite and “Soda Granite” (trondhjemite or albite tonalite), which commonly occur together. The main mass is called Bralorne Diorite (hornblende quartz diorite) and occurs between the bounding Fergusson and Cadwallader faults. The Bralorne Diorite complex is cross cut by intrusions of soda granite with complex dyke relations. The main body of Soda Granite is found along the northeast side of the Bralorne Diorite, but also forms many dykes cutting the diorite. Typically, the Soda Granite is a leucocratic, coarse-grained granitic rock. Cretaceous-Tertiary dykes, including grey plagioclase porphyry, albitite, green hornblende porphyry, Bendor porphyry and lamprophyre, intrude all the units. All the rocks in the Bralorne area, except the Bendor and lamprophyre dykes, are affected by low-grade metamorphism.

The Bralorne-Pioneer gold-quartz vein system is hosted in variably altered rocks of the Bralorne Diorite complex and Pioneer Greenstone that occur as fault-bounded lenses in a structurally complex zone between the Cadwallader and Fergusson faults referred to as the Bralorne-Pioneer fault lens or Bralorne Block. This lens has an approximate 4.5 km strike length, mostly along, adjacent to, or between these two faults. All of the significant historic gold production in the Bridge River area came from within the Bralorne Block.

Property Ownership

The Bralorne property is comprised of different types of legal mineral properties registered under and subject to the Mineral Tenure Act and Mineral Land Tax Act of the Province of British Columbia. The Property consists of 154 Crown granted mineral claims, two reverted Crown granted claims and eighteen metric unit mineral claims, all of which are contiguous. Bralorne Gold Mines Ltd. (in this section, "BGM") owns 100% of the property. During 2016, the Company also acquired a 100% interest in nine mineral claims from Great Thunder Gold Corp. ("GTG") located in the Lillooet Mining Division of British Columbia, known as the BRX Property.

Mineral Concessions and Agreements

There is an underlying agreement on twelve Crown grants in which the Company is required to pay 1.6385% of Net Smelter Proceeds of Production from the claims, and has to pay fifty cents (C$0.50) per ton of material produced from these claims if the material grade exceeds ¾ (0.75) ounce per ton gold. No extraction or processing has come from these claims in the past and none is planned in the near future. The Crown grants subject to this agreement include:

DL 5742 Sunbeam
DL 5743 Comstock No. 5
DL 5744 Comstock No. 2
DL 5745 Homestake
DL 5746 Sunshine
DL 5747 Comstock No. 3
DL 5748 Lorenzo
DL 5750 Orion No. 4
DL 5751 Orion
DL 5752 Comstock No. 8
DL 5754 Comstock No. 7
DL 5755 Comstock No. 6

Crown granted mineral claims may also include surface rights, water rights and timber rights. At the Bralorne property, surface rights are currently held by BGM on 9 of its 154 Crown Grants as listed below:

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

Claim Staking and Mineral Tenure in British Columbia

Crown granted mineral claims are legacy claims in British Columbia that confer rights to subsurface minerals. The Crown granted claims are subject to the Mineral Land Tax Act, which requires the owner to pay to the BC Ministry of Finance a tax at C$1.25 per hectare up to a holding of 20,235 ha if no commercial production has been declared to maintain the claims in good standing for one year. The total annual tax payable for all of the Crown granted mineral claims in the Bralorne property was C$2,248.35 in 2018. All of BGM's Crown granted mineral claims are in good standing until July 2019 and it is expected that the annual taxes will be paid again prior to that date.

Reverted Crown grants are treated the same as mineral cell claims in terms of holding costs. Below is the required work value for mineral cell claims.

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

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

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

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

All of the Crown granted mineral claims and reverted Crown granted mineral claims have been legally surveyed. The mineral claims have not been surveyed.

All of BGM's reverted Crown granted mineral claims and mineral cell claims are in good standing with the first expiry date being September 23, 2026, with the exception of one mineral cell claim (tenure number 1051046) which has a good to date of March 29, 2020. It is expected that new exploration work prior to that date will be completed and work credit been applied to all claims to bring them to the same good to date as they are all contiguous. Alternatively, cash-in-lieu can be paid for this claim to extend the expiry date.

Mineral and Placer Claims are acquired using the British Columbia Mineral Titles Online (MTO) system. The online MTO system allows clients to acquire and maintain mineral and placer claims. Cell claims are registered by selecting one or more adjoining cells on the electronic MTO map. Mineral Titles can be acquired anywhere in the province where there are no other impeding interests (other mineral titles, reserves, parks, etc.). No two MTO users can select the same cells simultaneously, since the database is live and updated instantly; once a selection is made, the cells selected will no longer be available to another user, unless payment is not successfully completed within 30 minutes.

Bralorne Area Crown Grants owned by Avino Silver & Gold Mines Ltd.:

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

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

District Lot Number	Claim Name	Area [ac]	Area [ha]
3045	SUNSET	47.19	19.10
3046	GREAT FOX	51.65	20.90
3047	EAST PACIFIC	51.30	20.76
3048	CLIFTON	51.65	20.90
3049	CORASAND	41.27	16.70
3050	EMMADALE	44.00	17.81
3051	UNION JACK FRAC.	9.25	3.74
3053	TITANIC FRAC.	9.15	3.70
3091	INVINCIBLE	40.49	16.39
3660	GOLDEN GIRL	51.65	20.90
5323	LEON NO. 1	27.27	11.04
5324	LEON FRACTION	23.59	9.55
5325	LEON NO. 2	50.25	20.34
5326	LEON NO. 3	48.00	19.43
5328	LEON NO 4	34.55	13.98
5331	VICTOR FRACTION	30.70	12.42
5332	HIRAM FRACTION	0.27	0.11
5455	VIRGINIA	14.26	5.77
5456	NOELTON FRACTION	48.67	19.70
5457	MAUSER	30.99	12.54
5458	CARL	2.26	0.92
5459	ALEX	38.57	15.61
5460	MATTHEW	31.14	12.60
5461	JOHN	39.42	15.95
5462	KATHLEEN	51.62	20.89
5463	RAYMOND	41.03	16.60

District Lot Number	Claim Name	Area [ac]	Area [ha]
5464	SAVAGE	49.32	19.96
5465	WINCHESTER	34.72	14.05
5466	LEE METFORD	28.99	11.73
5467	CARBINE	29.93	12.11
5468	EAGLE FRACTION	23.18	9.38
5469	EAGLE	34.58	13.99
5470	EAGLE NO. 1	49.79	20.15
5475	LUCKY BOY FRACTION	8.41	3.40
5476	BESSIE FRACTION	39.15	15.84
5477	SAVOY	45.70	18.49
5478	EMPIRE FRACTION	20.06	8.12
5479	EUREKA	40.70	16.47
5480	CASCADE FRACTION	26.43	10.70
5481	COSMOPOLITAN FRACTION	25.93	10.49
5482	DUKE FRACTION	3.90	1.58
5483	CORONATION FRACTION	0.76	0.31
5484	POLNUD	47.54	19.24
5485	MACK FRACTION	40.65	16.45
5486	NIGHT HAWK FRACTION	2.17	0.88
5487	POLNUD FRACTION	1.54	0.62
5488	PASADENA FRACTION	7.70	3.12
5489	TELEPHONE FRACTION	11.42	4.62
5508	MONICA MARJORIE	49.40	19.99
5517	A FRACTION	6.92	2.80
5518	HILDA	43.09	17.44
5519	B FRACTION	2.77	1.12

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

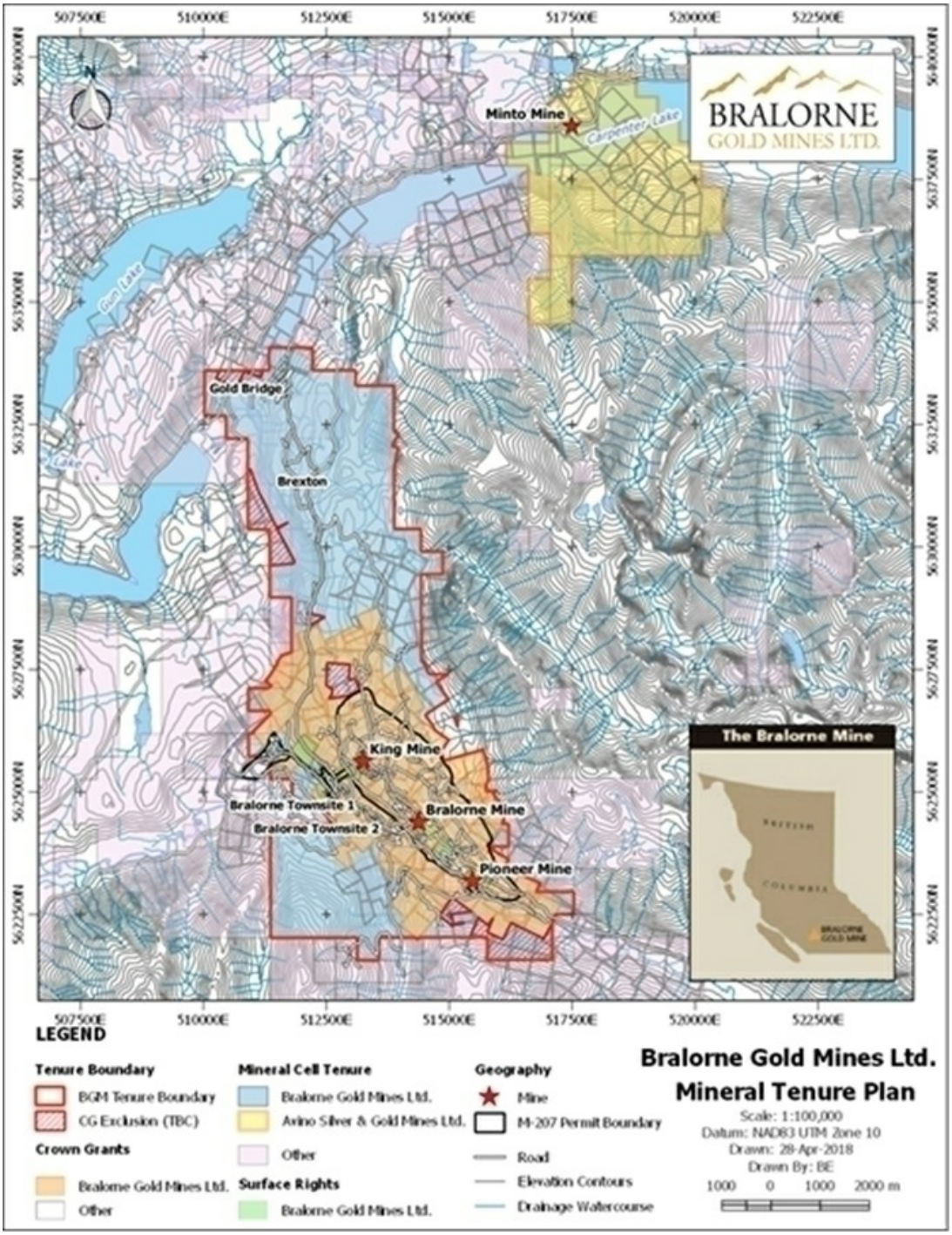
District Lot Number	Claim Name	Area [ac]	Area [ha]
5754	COMSTOCK NO. 7	26.27	10.63
5755	COMSTOCK NO. 6	12.38	5.01
5920	EDNA MARY	45.50	18.41
5921	ALEX FRACTION	5.79	2.34
5922	ALEX NO. 2 FRACTION	6.04	2.44
5923	RAYMOND FRACTION	4.59	1.86
5924	STAR FRACTION	24.82	10.04
5925	STAR NO. 1 FRACTION	20.96	8.48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

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

	Tenure	Claim Name	Type	Sub Type	Map	Issue Date	Good To Date	Status	Area (ha)	Remarks
BRX	228251	REFER TO LOT TABLE	Mineral	Claim	092J	1979/JAN/23	2026/SEP/23	GOOD	25.0	
	228252	REFER TO LOT TABLE	Mineral	Claim	092J	1979/JAN/23	2026/SEP/23	GOOD	25.0	
	228461	REFER TO LOT TABLE	Mineral	Claim	092J	1982/NOV/10	2026/SEP/23	GOOD	25.0	
	228462	REFER TO LOT TABLE	Mineral	Claim	092J	1982/NOV/10	2026/SEP/23	GOOD	25.0	
	228501	FISHLAKE #2	Mineral	Claim	092J	1983/APR/11	2026/SEP/23	GOOD	100.0	Reverted Crown grant restaked as four-post mineral cells.
	228544	PINE	Mineral	Claim	092J	1983/OCT/19	2026/SEP/23	GOOD	150.0	Reverted Crown grant restaked as four-post mineral cells.
	228736	REFER TO LOT TABLE	Mineral	Claim	092J	1985/NOV/14	2026/SEP/23	GOOD	25.0	
	228738	REFER TO LOT TABLE	Mineral	Claim	092J	1985/NOV/14	2026/SEP/23	GOOD	25.0	
	510227		Mineral	Claim	092J	2005/APR/05	2026/SEP/23	GOOD	1714.8	
Bralorne	316338	MEAD	Mineral	Claim	092J	1993/FEB/28	2026/SEP/23	GOOD	100.0	Reverted Crown grant restaked as four-post mineral cells.
	316573	KING	Mineral	Claim	092J	1993/MAR/05	2026/SEP/23	GOOD	100.0	Reverted Crown grant restaked as four-post mineral cells.
	510593		Mineral	Claim	092J	2005/APR/12	2026/SEP/23	GOOD	122.6	
	510594		Mineral	Claim	092J	2005/APR/12	2026/SEP/23	GOOD	81.7	
	510595		Mineral	Claim	092J	2005/APR/12	2026/SEP/23	GOOD	40.9	
	510596		Mineral	Claim	092J	2005/APR/12	2026/SEP/23	GOOD	40.9	
	510597		Mineral	Claim	092J	2005/APR/12	2026/SEP/23	GOOD	490.6	
	511088		Mineral	Claim	092J	2005/APR/19	2026/SEP/23	GOOD	20.4	
	511645	BP1	Mineral	Claim	092J	2005/APR/25	2026/SEP/23	GOOD	143.1	
	517280		Mineral	Claim	092J	2005/JUL/12	2026/SEP/23	GOOD	61.3	
	552953	BP3	Mineral	Claim	092J	2007/FEB/28	2026/SEP/23	GOOD	265.8	
	552955	BP4	Mineral	Claim	092J	2007/FEB/28	2026/SEP/23	GOOD	326.9	
	552959	BP5	Mineral	Claim	092J	2007/FEB/28	2026/SEP/23	GOOD	286.1	
	552966	BP6	Mineral	Claim	092J	2007/FEB/28	2026/SEP/23	GOOD	81.8	
	552971	BP7	Mineral	Claim	092J	2007/FEB/28	2026/SEP/23	GOOD	61.3	
	552973	BP8	Mineral	Claim	092J	2007/FEB/28	2026/SEP/23	GOOD	20.4	
	606095	DEVELOPMENT FRACTION	Mineral	Claim	092J	2009/JUL/16	2026/SEP/23	GOOD	20.4	
	719549	NUGGET KING	Mineral	Claim	092J	2010/MAR/10	2026/SEP/23	GOOD	20.4	
	818062	DEV. FR. 2	Mineral	Claim	092J	2010/JUL/14	2026/SEP/23	GOOD	20.4	
	882129	PIONEER EXTENSION	Mineral	Claim	092J	2011/AUG/05	2026/SEP/23	GOOD	20.4	
	1051046		Mineral	Claim	092J	2017/MAR/29	2020/MAR/29	GOOD	20.4	
							Total Area (ha)		**4,460.88**	
							Total Area (ac)		**11,023.1**	
							Total Area (km^2)		**44.6**	

This list is considered to be accurate as of March 19, 2019, according to the MTO database. Note that the Mineral Titles Online database lists only the reverted Crown Grants and the metric cell unit claims.

Map of Bralorne Property Concessions



History

The Bralorne property has an extensive history of exploration and mining, starting in the late 1800's, when placer miners followed gold up the Fraser River and its tributaries and eventually discovered lode gold in the area of Cadwallader Creek. The first claims on the property were staked in 1896 and small-scale production began in the area of the Pioneer Mine shortly thereafter. Larger scale commercial production from underground mining commenced in 1928, and production at Pioneer and Bralorne Mines was expanded to 450 tonnes per day at each mine. Bralorne subsequently merged with Pioneer and continued production until 1971, when operations were closed for economic factors when the gold price was fixed at $35 per ounce.

Total historic production from the Bralorne-Pioneer gold mine is recorded as 4.2 million ounces of gold (equating to 129.14 tonnes) from 7.3 million tonnes of material grading 17.7 grams gold per tonne (8.0 million short tons at 0.52 ounce per ton). Silver production from the deposits is recorded as 29.61 tonnes (952,000 ounces).

The current Bralorne mineral property encompasses several historic mine workings, of which the major ones are the King, Bralorne, and Pioneer mines. A total of 30 veins on the property were mined in the various workings by 80 kilometres of tunneling on 44 levels, the deepest of which traced the 77 vein to a depth of 1,800 meters below surface at the deepest part (~ 670 meters below sea level).

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

Since 1971, considerable work by a number of companies has been carried out on the property. Major exploration programs were carried out on the old mine areas of the property in 1973 by Bralorne Resources and in 1980 to 1984 by E & B Explorations, Inc., who acquired the main historic deposits in 1980, and also in 1988 by a successor company to E & B, Corona Corporation. In 1973 and 1974 Love Oil carried out exploration work on the northeast sector of the property. In 1987, Levon Resources carried out surface exploration over the same area, and underground mine advancement including an adit and a cross cut plus 20 meters of drifting on the Peter vein was carried out. In 1986, Mascot Gold Mines Limited conducted surface and underground diamond drilling and drifting.

Avino Mines and Resources Limited became involved in the Bralorne area in 1987, and subsequently acquired 100% ownership from Love Oil Company, Coral Gold Corporation and Levon Resources. Avino purchased the Bralorne-Pioneer property from Corona in 1991. This was a major accomplishment for management and marked the first time in the history of the mining camp that all of the major deposits were held by the same company. In 1991, Avino Mines and Resources conducted surface and underground exploration including surface drilling, rehabilitation of the King Mine 800 level, and underground drilling to explore the Peter Vein.

In 1993, Bralorne Pioneer Gold Mines Ltd. ("Bralorne Pioneer") optioned the property from Avino and conducted surface exploration over the northeastern part of the property. In 1994, the same company carried out a diamond drill program on the Peter Vein and other nearby veins. In 1995, Bralorne Pioneer carried out 700 feet of underground drifting on the Peter Vein on the 800 level and underground drilling to test the Peter and Big Solley Veins. Also in 1995, Bralorne Pioneer carried out surface trenching followed by drilling. Further surface drilling was done in 1997. In 2001, Bralorne Pioneer drove a raise from the upper Peter drift through to surface and a second raise was driven part way to surface from the same level.

Bralorne Pioneer acquired 100% interest in the property from Avino Silver and Gold Mines Ltd in 2002. In 2002 and 2003, Bralorne Pioneer drilled 24 surface diamond drill holes and carried out a trenching program on the Peter Vein.

In 2003 and 2004, Bralorne Pioneer rehabilitated part of the 800 level, prepared both the 800 level drift on the Peter Vein and the Upper Peter cross-cut (4,230 level) for stoping, and commenced stoping the vein in the Upper Peter workings. Between 2004 and 2005, Bralorne Pioneer drove a trackless decline on the Peter vein from the 4,230 Level to the 4,130 Level and developed stopes on both these levels. A total of 3,500 tons of material grading 0.35 ounces of gold per ton is estimated to have been produced from the Peter vein before mining was stopped in 2005. Also in 2004 and 2005, Bralorne Pioneer carried out a surface drilling program consisting of 5,691.2 meters of NQ core in 43 holes. This program was targeted mainly at the 51BFW vein in the historic gap between the Bralorne and Pioneer Mines.

In 2005, Bralorne Pioneer collared an adit and drove a crosscut to access the 51BFW vein at the 4,140 elevation. A sill drift was driven in this vein and a trial shrinkage stope was developed. In the process of constructing the access road to the new adit, a mineralized quartz vein was discovered. This zone remains a valid exploration target and is now interpreted to be the top of the 52 vein.

Bralorne Pioneer changed its name to Bralorne Gold Mines Ltd. and operated the mill intermittently on a trial basis in 2004 and 2005 to process bulk sample material from the Peter and 51BFW veins, plus low grade material from old mine dumps and tailings. The combined total for all of the old tailings and low grade stockpile material that was processed between March 2004 and January 2005 was 22,642 tons at a feed grade of 3.15 g/T gold (0.092 oz/ton Au) with an overall gold recovery rate of 73.89%. The mill was operated again from March 2005 to November 2005 with feed from the Peter and 51BFW veins. Production totalled 8,552 tons at 8.67 g/t gold (0.253 oz/ton Au) with a recovery rate of 92.33% (of which 46% was in the flotation concentrate). Material from the Peter vein had about 35% of the gold reporting to the cleaned gravity concentrate (smelted on site). The balance of the gold (to a total of approximately 92%) was recovered into a flotation concentrate which averaged 62 g/T Au. The 51BFW material was found to be much coarser grained and yielded 61% gravity recovery and produced a flotation concentrate grading over 186 g/T Au.

In 2005, a Preliminary Economic Assessment (Beacon Hill 2005) showed that an average grade of at least 15.5 g/T gold would be required to sustain a viable operation, based upon the operating costs at a production rate of 100 tons/day. The study recommended programs to delineate sufficient resources to support a production rate of 280 tons/day at 12 g/T gold (0.35 oz/ton). This analysis was based on a gold price of US$400 per ounce.

In 2006, BGM conducted surface and underground exploration, including an MMI geochemical survey, surface diamond drilling (26 holes; 5,667.8m), underground drilling (4 holes; 980.9m), and digitization and compilation of current and historic data. Significant drill intercepts were identified including two high-grade intercepts in the Bralorne-King area. SB06-109B intersected 0.61 m of 15.87 g/T gold and then intersected two smaller zones of high-grade gold; a 0.34 m vein assaying 402.58 g/T gold and a 0.37 m vein assaying 246.99 g/T gold.

In 2007, BGM conducted underground drilling (47 holes; 8,603m) in the area of the high-grade intercepts obtained in 2006. Significant intercepts obtained in the underground drill program were modeled by Beacon Hill as a new zone (BK Zone).

In 2008, BGM conducted underground advancement including a track drift to cross cut to the BK Zone, and drifting along the zone. Drift muck from the mineralized structure was stockpiled for mill feed.

2009-2015 Exploration, Development and Advancement Activity

BGM continued exploration and evaluation of the property between 2009 and 2015, and conducted diamond drilling, underground advancement plus trial mining and milling. The purpose of this work was to locate new gold resources and evaluate production at higher gold prices.

Between 2010 and 2014, a total of 83,462 tonnes of material were extracted from the underground mine for mill feed at an estimated grade of 10.01 grams of gold per tonne, and 7,025 tonnes at an estimated grade of 3.44 grams of gold per tonne were extracted from surface stockpiles.

BGM operated the processing plant from May 2011 until December 2014. The output of the plant consisted of gold and silver in doré bars and flotation concentrate, with gold making up the majority of sales. BGM sold to refiners and concentrate traders to offset the costs of exploration and advancement work.

Between 2011 and 2014, BGM produced a total of 18,436 ounces of gold, of which 10,670 ounces were contained in gold doré and the balance contained in flotation concentrate. These totals include 590.1 ounces produced after the acquisition of BGM by Avino in 2014.

The Beacon Hill 2012 technical report recognized that the Bralorne mine extracts and processes resources and has the potential for delineating additional resources below the area presently being mined. Thus, there is opportunity for continued extracting and processing and the potential for expanded extracting and processing should these resources be delineated. The process of resource expansion combined with operational expansion, if applicable, should be completed in a controlled manner. The recommended expansion program at the time of the 2012 technical report had a cost estimate of CAD $17,963,000 (Beacon Hill, 2012).

In October 2014, BGM was acquired as a wholly owned subsidiary of the Company. Under the Company’s ownership, BGM continued its trial mining program and carried out diamond drilling in the winter of 2014 and 2015.

Annual drilling is summarized in the table below. From 2009 to 2013, a total of 100 holes totaling 16,114.6 metres were drilled on the Bralorne property from underground and surface.

After the acquisition of BGM by Avino in 2014, surface drilling was carried out totaling 7,628.5 meters on 10 holes on the Prince and Shaft veins in 2014, and 25 holes on the Alhambra and 77 / 52 Veins in 2015.

Summary of drilling performed between 2009 and 2018:

Year	Type	Number of Holes	Total Meters	Core Size
2009	Surface	16	3,658.9	NQ
2010	Surface	11	2,655.4	NQ
2011	Surface	30	5,202.9	NQ
	Underground	5	902.2	NQ
2012	Surface	2	569.1	NQ
	Underground	17	2,274.3	NQ
		9	137.8	A W
2013	Underground	4	600.0	NQ
		6	114.0	A W
2014	Surface	10	1,054.3	NQ2
2015	Surface	25	6,574.2	NQ2
2018	Surface	13	3,035.81	NQ2
		12		HQ

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

Historic and recent underground advancement in the form of drifting, raising and stoping was carried out in the area of the discovery made in 2006 on the BK zone. Stope mining (stoping) was performed using the shrinkage method. In this approach, raises are driven in the material under geological control from the sill horizon at horizontal intervals dictated by the continuity of the material zone and connected to drifts at the upper end of the stope for access and ventilation. The material is excavated in horizontal slices from the bottom of the stope and advancing upwards. Part of the broken material is mined out of the stope and the remaining material acts as a working platform for mining the next lift and also to support the stope walls. Approximately 35 to 40% is drawn out during mining advancement and when all the material has been broken within a stope the remainder is extracted. This approach results in limited extraction during mining, but a significant increase in the extraction rate from each stope when all the material is broken. As a result of this process, a number of stopes will be in a breaking mode while a number will be in a pulling mode to ensure continuous feed to the plant.

A total of 1,283.2 meters of drifting, 618.6 meters of raising and 6,884.5 tonnes of material were mined from stopes in 2012 and 2013. In 2014, underground advancement continued in the BK zone, with 546 meters (1,791 feet) of exploration drifting along veins on the 3700, 3800, 3840 and 3900 elevation sublevels, and 155 meters (510 feet) of waste drifts in extraction drifts and draw points for mining. Exploration advancement on veins was carried out on the 3700 and 3900 levels, including 310 meters (1,016 feet) of raises. The table below summarizes the underground advancement carried out in the BK zone from 2009 to 2015, no underground advancement occurred in 2016 to 2018.

Summary of underground exploration advancement – BK zone:

Year	Location	Type	Amount	Units
2009	BK Portal	Trackless Decline (11’x9’)	391.8	ft.
	Taylor Access	Trackless Drifting (track installed) (11’x9’)	431.0	ft.
	BK Exploration Raises	Raising (5’x5’)	216.2	ft.
2010	Taylor Access	Trackless Drifting (track installed) (11’x9’)	459.1	ft.
	8L BK (ext./DP)	Track Drift (6’x7’)	699.1	ft.
	BK Exploration Raises	Raising (5’x5’)	20.0	ft.
	BK Stope (lifts)	Stoping	4,434.6	tons
	8L North Drifting	Track Drift	245.0	ft.
	North Subdrifting	Subdrift	567.6	ft.
	North Slot Raises	Slot Raising in Stope	477.2	ft.
	North Vein Stoping	Stoping	650.6	tons
	Taylor Access	Underground Rehab	368.0	ft.

Year	Location	Type	Amount	Units
2011	BK Stope (lifts)	Stoping	7,966.7	tons
	North Slot Raises	Slot Raising in Stope	118.5	ft.
	North Stoping tons/slashes	Stoping/slashes	153.0	tons
	Alhambra DD Cutout	Cut out from track drift	11.7	ft.
	Pass Raise and Chute	Raising (6'x5')	382.6	ft.
	Manway Raise	Raising (6'x5')	90.4	ft.
	BK Portal Ramps	Trackless Decline / Incline (11'x9')	1,560.1	ft.
	Alhambra Drift	Underground Rehab	222.7	ft.
	Sumps and Remucks	Trackless Drifting (11'x9')	168.6	ft.
	BK Access	Trackless Drifting (11'x9')	71.5	ft.
	BK Refuge	Trackless Drifting (11'x9')	32.6	ft.
	BK Safety Bays	Jackleg Drifting (5'x6')	66.0	ft.
2012	BK Portals	Trackless Decline / Incline (11'x9')	472.0	ft.
	Sumps and Remucks	Trackless Drifting (11'x9')	40.0	ft.
	BK Access	Trackless Drifting (11'x9')	206.4	ft.
	BK Safety Bays	Jackleg Drifting (5'x6')	20.0	ft.
	Extraction Drifts	Trackless Drifting (11'x9')	370.0	ft.
	Drawpoints	Trackless Drifting (9'x9')	199.0	ft.
	Drifts	Trackless Drifting (8'x9')	1,652.1	ft.
	Stope Manway Raises	Raising (6'x5')	693.1	ft.
	Manway Raises	Raising (6'x5')	394.7	ft.
2013	BK Access	Trackless Drifting (11'x9')	31.7	ft.
	Sumps and Remucks	Trackless Drifting (11'x9')	6.0	ft.
	Exploration Raises	Raising (6'x5')	876.4	ft.
	Stope Manway Raises	Raising (6'x5')	65.2	ft.
	Drifts	Trackless Drifting (8'x9')	443.8	ft.
	Subdrift	Trackless Drifting (6'x6')	171.7	ft.
	Extraction Drifts / Drawpoints	Trackless Drifting (11'x9')	462.5	ft.
	BK Portal	Trackless Decline / Incline (11'x9')	134.9	ft.
	BK Stopes	Stoping	7,588.9	tons
2014	Drifts	Trackless Drifting (8'x9')	1,791.0	ft.
	Extraction Drifts / Drawpoints	Trackless Drifting (11'x9')	510.0	ft.
	Exploration Raises	Raising (6'x5')	1,016.0	ft.
	BK Stopes	Stoping	20,953.9	tons
2015	BK Access	Trackless Drifting (11'x9')	685.2	ft

The table below presents material mined, material processed, concentrate and doré bars produced, concentrate and doré bars sold, and average realized pricing for the Bralorne Mine property since the acquisition by Avino in October 2014:

		2014 Bralorne Mine
Mined		
	tonnes	3,865
	Gold (g/t)	7.4
Processed		
	tonnes	4,900
	Gold (g/t)	3.97
Doré Bar Produced		
	Gold (oz)	291.84
Doré Bar Sold		
	Gold (oz)	428.85
Average Realized Pricing - Doré Bar		
	Gold ($/oz)	1,187.78
Concentrate Produced		
	tonnes	77.32
	Gold (g/t)	120.00
Concentrate Sold		
	tonnes	108.72
	Gold (g/t)	112.80
Average Realized Pricing – Concentrate		
	Gold ($/oz)	1,215.53

Recent Exploration, Development and Advancement – 2015 - 2018

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

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

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

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

During 2017, an independent consulting engineering firm has reviewed the processing plant and infrastructure to determine which buildings and equipment should be replaced. Most of the equipment was configured for a 100 ton per day operation and will need to be updated for the anticipated higher processing plant operating rate. Accordingly, new or refurbished equipment is being proposed for the processing plant. A separate crushing building is being considered for the plant, with separate fine ore storage, which will provide more space in the current mill building for the larger equipment being considered. Other building and surface infrastructure will either be upgraded to meet the current required capacity, or they will be removed / demolished, and replaced.

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

In December 2017, the Company announced that plans were finalized for an 8,000 metre drill program to commence early January 2018. The program began in January 2018 and was aimed at both identifying additional resources and increasing the confidence in existing resources, in advance of a revised resource update. Following the completion of four holes, and flow through financing in April 2017, the Company decided to update the scope of the exploration program to include structural modelling and geological mapping, airborne and ground geophysics surveys, and geochemical sampling along with 24,000 metres of drilling as well as the digitization of historical data. By year end, 9,381 meters had been drilled primarily targeting an extension of the 27 vein. The results of the drilling program were disclosed in the Company's press release dated December 17, 2018 and filed on Form 6-K with SEC on the same date.

In October 2018, the Company received a Permit Amendment of the Effluent Permit from the BC Ministry of Environment. This amendment now encompasses a broader scope for water management at the site, including greater volumes and waste disposal for the Best-Available-Technology (BAT) Water Treatment Plant.

In Q4 2018, pursuant to discussions with the Ministry of Energy, Mines, and Petroleum Resources ("EMPR") regarding reclamation security, non-collateralized surety bonding has been secured to cover current, and future security requirements. The bond has freed up cash previously held by the Ministry, and will serve to cover future contributions to security, as laid out in the permitting requirements. Aon Risk Solutions, acting as insurance broker for the Company, was the responsible broker for negotiating the terms of the Surety.

The Company is maintaining open lines of communication with First Nations communities, and management continues its efforts to build meaningful progressive relationships with its stakeholders. In 2017, Avino continued with the underground mining training for members of the St'át'imc communities, and the third training program with North Island College began in November in Pemberton, B.C. In addition to the training program through North Island College, Avino has been working with the Center for Training Excellence in Mining, the BC government, Thompson Rivers University, New Gold, Seabridge Gold and Sandvik, amongst others, on the development of the curriculum for a new accredited underground mining training program aligned with the Mining Industry Human Resources Council's Canadian Mining Certification Program.

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

Tailings Storage Facility

The tailings storage facility ("TSF") is permitted under the existing mine permit, M-207 with the Province of British Columbia, Canada.

Construction of the TSF commenced in 2003 and initial construction was completed in 2004. Tailings were deposited in the TSF up until December 2014. Approximately 32,000 tons of tailings were deposited in the TSF between April 2004 and November 2005, and a further 108,180 tons deposited between 2011 and 2014, for a combined total of approximately 140,000 tons deposited. The Concentrator Mill was temporarily shut down in December 2014. No tailings were produced or deposited since then.

Tetra-Tech EBA Inc. has been supplying the Engineer of Record and has undertaken the annual Dam Safety Inspections of the TSF since 2011 and is familiar with site conditions and background data.

The current TSF consists of the following components:

- The main tailings dam, comprised of a North, Middle and South Section;
- South Seepage Collection Pond;
- South Settling Pond;
- Settling Pond Embankment;
- Middle Seepage Collection Pond;
- Middle Seepage Collection Ditch;
- North Seepage Collection Pond;
- North Seepage Collection Ditch.

TetraTech EBA was contracted to design and oversee construction of a TSF raise. A Raise was constructed on the existing approximately 17m wide embankment crest in 2015. The Raise included a compacted key trench and a spillway in the design. Approximately 8600 cubic metres of material was used in the construction. The raised dam elevations vary between 991.422 masl and 991.500 masl. The spillway invert is at 990.9 masl and the required freeboard is 1 metre. Approval from British Columbia Ministry of Energy & Mines (now the Ministry of Energy, Mines & Petroleum Resources "EMPR") to operate the TSF with the raise was received on 11 December 2015. However, holes drilled through the dam to install piezometers and check the quality of the material below the bottom of the dam in November of 2015 plus additional holes drilled in January of 2016 and subsequent geo-technical evaluation in early 2016 indicated that construction of a Buttress would be required along part of the dam to stabilize this area. Thus, the TSF could not be used to store water or tailings until the Buttress work was completed. This work was completed in August of 2016 and approval received for use of the TSF in September of 2016.

With the raise in place, it was estimated by TetraTech EBA that there is capacity for 126,000 cubic metres of tailings storage when the design storm volume of 62,500 cubic metres is taken into account.

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

Three seepage zones, north, south and middle, have been noted since impoundment of water within the TSF. Rates and quality of the discharge fluctuates seasonally. The water quality and volume flowrates have not exceeded the British Columbia Ministry of Environment ("MOE") Permitted quality and flow limits.

Water level and water quality monitoring includes groundwater monitoring wells installed downstream of the TSF, standpipe and vibrating wire piezometers installed downstream and in the TSF embankment, and H flumes in the seepage ditches.

Tailings are delivered to the TSF from the mill by a tailings pipeline constructed of 3" diameter butt fused HDPE DR17 pipe. Tailings disposal requires pumping from the mill to the TSF by a multi-stage pump in the mill. The tailings pipeline crosses Cadwallader creek on a suspended wire crossing. New anchors for the crossing were engineered and installed in a project overseen by SNC Lavalin in 2015. New cables were also installed at this time. With the Company anticipating expanded mill throughput, the tailings pumps and tailings lines will need to be upgraded.

Water Treatment

Water treatment of mine drainage has been in place since 2013. Based on recommendations from Tetra Tech and SNC Lavalin a Pall microfiltration system was commissioned in 2016. The Water Treatment Plant (WTP) removes arsenic through precipitation with Ferric chloride followed by Microfiltration. The WTP uses Geo-Tubes for dewatering, a polymer coagulant station and sumps in a new building to protect it from the elements.

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

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

From 2015-2018 maximum flows during freshet from underground reached 35L/s. The Pall System has the capacity to treat this level of flow. The Water Tiger treatment system will be maintained as standby, which can treat another 8L/s. The water treatment system is used to minimize mine drainage water pumped to the TSF and can be used to treat TSF supernatant to further reduce TSF water levels.

Updates to the Effluent Permit in 2018, allow for year-round water treatment if necessary, disposal of the dewatered water treatment sludge at the TSF and water quality requirement for the discharge that are within the capabilities of the Pall system. The Operations, Maintenance and Surveillance Manual (OMS) for the WTP details the procedures, maintenance and spare parts that are kept onsite.

Project Infrastructure

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

The Bralorne Mine is supplied with electrical power from BC Hydro. The main BC Hydro service is estimated to be rated for a maximum demand of 1,500 kVA based on the single line diagrams provided and existing transformer capacities, consisting of 500 kVA for the surface buildings and 800 portal, and 1,000 kVA for the mill. The load distribution between the surface buildings/underground feeder and the mill feeder is understood to be divided in proportion to the two transformer bank capacities, therefore the surface buildings/underground feeder take one third of the combined load and the mill feeder takes two thirds. The maximum electrical demand measured at the BC Hydro service point in 2012 was 660 kW. At unity power factor, this translates to an estimated peak demand load of 220 kVA on the surface buildings/underground feeder and 440 kVA on the mill feeder.

There is also a second BC Hydro electrical service to the BK Mine which is rated 600V 400A and which supplies an estimated existing peak demand load of about 100 kVA. Engineering work in 2017 determined that there is sufficient power to expand the operating rate to about 500tpd with minimal capital expenditures.

Offices, Dry, Warehouse and Camp

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

Processing Plant

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

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

The feed to the mill was determined by belt cuts. Processing experience indicated that as tonnage was increased beyond approximately 3.7 t/hr (80 t/day), an excessive amount of pebble was rejected by the mill; this problem was addressed by the installation of a reverse spiral on the output trommel.

Mill discharge was passed over a jig. Jig tailing was cyclone feed, the cyclone underflow being returned to the mill and overflow reporting to the conditioning tank ahead of flotation.

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

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

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

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

Mining Fleet

The Bralorne mining fleet in 2018 includes an excavator, 2 loaders, 5 scoop trams, 3 electric locomotives with 5 mine cars, a rock breaker, a jumbo and an emergency transport vehicle. The excavator and one of the loaders were replaced with new ones.

Costs Incurred to Date

The table below for the period from acquisition on October 20, 2014 to December 31, 2018 contains selected financial data prepared in accordance with IFRS derived from our audited consolidated financial statements.

	Exploration and Evaluation Expenditures	***Capital Expenditures***	***Operating and Administrative Expenses****	***Total***
2014	*754,294*	*78,712*	*137,413*	*970,419*
2015	*6,976,189*	*1,054,829*	*5,868*	*8,036,886*
2016	*7,707,201*	*2,956,955*	*1,825*	*10,665,981*
2017	*11,490,870*	*243,291*	*2,135*	*11,736,296*
2018	*2,784,986*	*81,386*	*13,835*	*2,880,207*

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

Below is a table summarizing the estimated planned future costs for 2019. The Company will need to raise capital to meet its planned future costs. No assurance can be given that the Company will be able to raise the amounts in the table below or that actual future costs will equal the amounts in the table below. If the Company is unable to raise capital to meet its planned future costs, it may have to curtail planned activities.

Year	**Exploration and Evaluation Expenditures**	**Capital Expenditures**	**TOTAL**
2019	$ 4,700,000	$ 500,000	$ 5,200,000

Mineral Reserve Estimates

There are currently no mineral reserves on the property.

Mineral Resource Estimates

The estimates described below are for Mineral Resources and are categorized as Measured, Indicated or Inferred according to the CIM Definition Standards for Mineral Resources and Mineral Reserves, as adopted on November 27, 2010, and amended on May 10, 2014. Mineral resources that are not mineral reserves do not have demonstrated economic viability. The estimates are not categorized as Mineral Reserves at this time since they do not take into account other economic factors including mining outlines or mining recovery. However, a reasonable requirement of a minimum mining width is incorporated in the estimate by compositing assays to a minimum mining width of 1.2 meters (4 feet), and by addition of 10% dilution at zero grade to each resource model.

Resource Estimates – Methodology

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

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

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

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

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

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

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

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

The search strategy employed for all zones was using inverse distance squared (ID2) as the interpolator, using a 200’ omni-directional search with a minimum of 3 composites, a maximum of 9 and a maximum of 3 composites per drillhole.

The average bulk dry density for ore-grade mineralized vein is 12.1 ft^3/ton (2.63 cubic meters per tonne). This is the value historically used on-site and is based measurements and on production experience. All tonnage calculation utilizes this value. It is recommended that densities be revised and continually verified.

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

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

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

- **Measured**

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

- **Indicated**

  Resources in this category could be delineated from multiple drill holes located on a nominal 50 ft square grid pattern.

- **Inferred**

  Resources in this category include any material not falling in the categories above, and within a maximum 100 ft.

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

Resource Estimates – Bralorne Property

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

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

Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues. The quantity and grade of reported Inferred resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred resources as an Indicated or Measured mineral resource and it is uncertain if further exploration will result in upgrading them to the Indicated or Measured mineral resource category.

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

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

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

We advise U.S. investors that while the terms "measured mineral resource", "indicated mineral resource" and "inferred mineral resource" are recognized and required by Canadian regulations, the U.S. Securities and Exchange Commission does not recognize these terms. U.S. investors are cautioned not to assume that any part or all of a mineral resource will ever be converted into reserves. Mineral resources are not mineral reserves and do not have demonstrated economic viability. The mineral resources reported represent estimated contained metal in the ground and have not been adjusted for metallurgical recovery. The potential exploration for and evaluation of mineral resources may be materially affected by legal, political, environmental or other risks.

Under National Instrument 43-101, BGM is required to disclose that it has not based its extracting and processing resources decisions on NI 43-101-compliant reserve estimates, or feasibility studies, and historically projects without such reports have increased uncertainty and risk of economic viability. BGM's decision to extract and process resources, expand a mine, make other extracting- and processing-related decisions, or otherwise carry out mining and processing activities is largely based on internal non-public Company data, and on reports based on exploration and mining work by BGM and by geologists and engineers engaged by BGM.

Resource Depletion

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

Reclamation

On November 3, 2017, Bralorne received approval of the Interim Closure and Reclamation Plan (ICRP) through an Amended Mines Act Permit, M-207. The plan and an update submitted in 2018, outlines Bralorne's reclamation objectives for the Bralorne property which include:

- Long-term preservation of water quality and the aquatic environment downstream of decommissioned operations;
- Long-term stability of engineered structures, including the tailings storage facility, waste rock storage areas, and post-closure water management system;
- Removal and proper disposal of all structures and equipment not required beyond the end-of-mine life, and removal of roads where no further use is planned;
- Natural integration of disturbed areas to be compatible with the surrounding landscape, and restoration of a natural appearance to the disturbed areas after mining ceases, to the extent practicable; and,
- Establishment of a self-sustaining cover of vegetation that is consistent with existing wildlife use.

Reclamation projects in 2018 included a Terrestrial Plan, Hazardous Building Material assessment, a Risk Assessment and Feasibility study for the Preliminary Site Investigations, a Pilot-scale Bioreactor for post-closure Passive water treatment, and a conceptual full-scale design for a Bioreactor. These projects are included in the 2018 Update for the Closure and Reclamation Plan that was submitted in September 2018.

BRX Property – Not Active

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

Property Description and Location. The 2,114 ha property is located in the Lillooet Mining Division of British Columbia near the town of Gold Bridge. The property lies east of the Hurley River, in the Gwyneth Lake area, south of the Eldorado basin, and near the west end and along the south shore of Carpenter Lake. Gold Bridge can be reached from Vancouver via Hope and Lillooet, a distance of 445 kilometers, or via Pemberton using the four-wheel-drive Hurley Pass route, a distance of 225 km.

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

Eagle Property – Not Active

Ownership. The wholly owned Eagle property was acquired in 2003 when Avino purchased a 100% interest in 14 quartz leases by issuing 200,000 common shares at a price of C$0.50 per share for total consideration of C$100,000. The property was written down to a nominal value of $1 in fiscal 2006 and currently has a deferred value of $1.

In July 2017, an option agreement was signed between Avino and Alexco Resource Corp. ("Alexco"), granting Alexco the right to acquire a 65% interest in the Eagle Property. To exercise the option, Alexco must pay Avino a total of C$70,000 in instalments over 4 years, issue Avino a total of 70,000 Alexco common shares in instalments over 4 years, incur C$550,000 in exploration work by the second anniversary of the option agreement date, and a further C$2.2 million in exploration work on the Eagle Property by the fourth anniversary of the option agreement date. Avino received the first anniversary payment of C$10,000 and 10,000 common shares from Alexco in 2018.

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

Property Description and Location. The 516 ha property is located in the Yukon Territory roughly 38 kilometres northeast of Mayo and 350 kilometres due north of the capital of Whitehorse. It is currently in its Phase I stage of exploration. The property is accessed by a road. Whitehorse, the nearest major city, is approximately 380 kilometres to the south of the village of Mayo. The village of Mayo is 60 kilometers to the southeast of Keno City. The Eagle property lies on the south-east facing slope of Galena Hill where the elevations range from about 1350 m to 1540 m. Permafrost, while thin to non-existent in places, is reported to be found under accumulations of surface rubble left from glaciation.

Proposed Work Program. No further work is proposed by Avino at this time as the option agreement was terminated on January 31, 2019.

Olympic-Kelvin Property – Not Active

Ownership. The Olympic-Kelvin property is wholly owned by the Company and was acquired in 1987 when it acquired a 100% interest in 20 reverted Crown-granted mineral claims, one located mineral claim and three fractions located in the Lillooet Mining Division of British Columbia. The property was written down entirely in fiscal 2002. During the fiscal year ended January 31, 2007, these original mineral claims and fractions were converted into six claims encompassing all of the original claims. The Company recommenced exploration of the property in fiscal 2004 and ceased exploration activities in fiscal 2006. During the fiscal year ended December 31, 2009, the Company wrote down the value of these exploration costs to a nominal value of $1. The Company will maintain these claims in good standing and may decide to commence exploration again on the Olympic-Kelvin Property.

Property Description and Location. The Olympic-Kelvin property totals approximately 662.5 hectares and is located on the south side of Carpenter Lake, five kilometers northeast of Gold Bridge in the Lillooet Mining Division, British Columbia.

The Olympic-Kelvin property is easily accessible by the all-weather, publicly maintained, Gray Rock logging road which runs northeast from Gold Bridge. Access on the Olympic-Kelvin property is possible on a number of cat trails built by the Company and previous operators.

The Olympic-Kelvin property covers rocks of the Pioneer Formation and Bridge River Terrane. These rocks are cut by northwest trending regional scale structures sub-parallel to the Ferguson and Cadwallader Structures. The structures on the Olympic-Kelvin property are roughly the same distance from the Upper Cretaceous-Tertiary granitic Bendor Intrusions as the Bralorne/Pioneer mines. A similar flexure is present in the northwest trending structures on the Olympic-Kelvin property. These structures on the property are mineralized with silver and gold and have received considerable past work, including at least four adits.

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

Minto Property – Not Active

Ownership. The Minto Property is wholly owned by the Company and was acquired in early 1985 when it acquired its 100% interest in eight Crown granted mineral claims, eight reverted Crown granted mineral claims and one located mineral claim, situated in the Lillooet Mining Division of British Columbia. During the January 31, 2007 year end these mineral claims were converted into one claim encompassing all of the original claims. The property was written down to a nominal value of $1 in fiscal 2002. The Company recommenced exploration of the property in fiscal 2006 and ceased exploration activities in fiscal 2007 and during the 2009 year end wrote down the value to a nominal amount of $1. The Company will maintain these claims in good standing and may decide to commence exploration again on the Minto Property.

Property Description and Location. The Minto Property is situated about ten kilometers east of Gold Bridge in the Bridge River gold district of British Columbia and adjoins the Olympic-Kelvin Property. The property covers approximately 204 hectares. The claims occupy the lake bed and north side of Carpenter Lake. Access from Gold Bridge is made via an all-weather gravel road which skirts the north shore of Carpenter Lake.

Gold Bridge can be reached from Vancouver via Hope and Lillooet, a distance of 445 kilometers, or via Pemberton using the four-wheel-drive Hurley Pass route, a distance of 225 km.

The terrain is rugged, typical of the eastern margin of the Coast Range Mountains. The claim group ranges in elevation from 650 meters on Carpenter Lake to a maximum of 1020 meters.

The climate of the Bridge River District is transitional between humid coastal belt and more arid interior plateau. Annual precipitation is modest with a significant proportion falling as snow in the winter. Summers tend to be warm to hot depending on the altitude, and winters are moderately cold.

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

El Laberinto Property – Not Active

Ownership. Avino is, directly or through its wholly-owned Mexican subsidiary Compañía Minera Mexicana de Avino, S.A. de C.V., a Mexican corporation, the sole legal and beneficial owner of 100% of the rights, title and interest in and to the El Laberinto Property located in Durango State, Mexico.

Property Description and Location. The El Laberinto property is situated 60 kilometres NE of Durango, Mexico and 25 kilometres west of Avino's main mine. It occurs in the Sierra La Silla (hills) which form part of a large volcanic caldera which also contains Avino's main holdings. The Sierra La Silla area contains many silver, gold, lead, zinc and copper veins similar to those at Avino which are also situated in the lower volcanic Andesite sequence.

History. El Laberinto is a small property today and is a remnant of a much larger land package in the area once controlled by Avino.

During 1995 Avino mapped the La Silla area and sampled the principal veins. Avino had assembled the land package in the district in search of another Avino main vein.

Avino drove an adit on the Veta Grande ("Big Vein") in late 1995. Values of silver and gold were sub-economic. The adit was stopped at a length of approximately 300 meters before it reached the main shoot described in the 1995 report. Three holes were drilled below the adit, for which assays are unavailable.

Avino does not consider that the Big Vein has been adequately explored to date. Although the adit showed low values, it did not reach the principal shoot and was likely too high on the vein structure.

In July 2012, the Company entered into an option and joint venture agreement with Endeavour Silver Corp. ("Endeavour"), whereby Endeavour was granted the option to acquire up to a 75% interest in the El Laberinto property, consisting of approximately 91.7 hectares. In order to exercise the option, Endeavour must pay up to $200,000 in annual installments over 4 years to Avino in option payments, and incur up to $3 million in exploration work on the El Laberinto property over the next 4 years.

In July 2014, the Company's option and joint venture agreement with Endeavour Silver Corp. was terminated. Up to the termination date, Endeavour had met its obligations by incurring exploration expenditures of at least $300,000 and making option payments of $50,000.

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

Other Properties (Durango, Mexico) – Not Active

Avino also has mineral rights for 5 other properties in the Durango State of Mexico, described below:

The El Hueco property, located near Silver Standard's Pitarilla mine close to the town of Santiago Papasquiaro is comprised of 5 adjoining concessions and covers approximately 1,312.42 hectares. Avino assembled the land package between 1999 and 2005.

The Ana Maria property, located near Gomez Palacio, consists of 9 adjoining concessions and covers approximately 2,545 hectares. Avino assembled the land package in 2001 and 2002.

The La Potosina, El Fuerte and Aranjuez concessions, used to be contiguous with the Avino Mine property where the bulk of the work has been taking place, but claims in between these mining concessions and the Avino Mine property have been dropped.

Avino considers these properties to be of merit, but has no current plans for exploration and evaluation at this time.

Item 4A. Unresolved Staff Comments

None

Item 5. Operating and Financial Review and Prospects

The following discussion and analysis of financial condition and results of operations should be read in conjunction with the information contained in the Company's annual audited consolidated financial statements and the notes thereto for the years ended December 31, 2018, 2017 and 2016 included in this annual report on Form 20-F. Such discussion and analysis is based upon our annual audited consolidated financial statements prepared in accordance with International Financial Reporting Standards (''IFRS'') for the years ended December 31, 2018, 2017 and 2016.

For all periods up to and including the year ended December 31, 2010, we prepared our consolidated financial statements in accordance with Canadian generally accepted accounting principles (''Canadian GAAP''). The annual audited consolidated financial statements for the year ended December 31, 2011 were our first annual consolidated financial statements that were prepared in accordance with IFRS as issued by the International Accounting Standards Board (''IASB'').

A. Operating results

San Gonzalo Mine

The fiscal year ended December 31, 2012 saw Avino transition from exploration activities to extraction and processing of resources at levels intended by management in addition to exploration activities. On October 1, 2012, the Company declared extracting and processing resources at levels intended by management had been achieved at the San Gonzalo mine. The mine has continued to operate in this manner through 2018 and into 2019.

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

	2016 Total	2017 Total	2018 Total
Total Mill Feed (dry tonnes)	115,047	81,045	79,140
Feed Grade Silver (g/t)	267	269	222
Feed Grade Gold (g/t)	1.25	1.32	1.03
Bulk Concentrate (dry tonnes)	4,115	3,167	3,174
Bulk Concentrate Grade Silver (kg/t)	6.22	5.80	4.25
Bulk Concentrate Grade Gold (g/t)	25.9	26.3	19.15
Recovery Silver (%)	83	84	77
Recovery Gold (%)	74	78	75
Mill Availability (%)	94.4	95.4	95.5
Total Silver Recovered (kg)	25,588	18,375	13,500
Total Gold Recovered (g)	106,599	83,215	60,800
Total Silver Recovered (oz) *calculated*	822,689	590,765	434,020
Total Gold Recovered (oz) *calculated*	3,427	2,675	1,955
Total Silver Equivalent Recovered (oz) *calculated**	1,073,062	789,157	592,098

* *Metal production is expressed in terms of silver equivalent ounces (oz Ag Eq),In 2018, AgEq was calculated using metals prices of $15.71 oz Ag, $1,270 oz Au and $2.96 lb Cu, In 2017, AgEq was calculated using metals prices of $17.05 oz Ag, $1,258 oz Au and $2.80 lb Cu. In 2016, AgEq was calculated using $17.10 oz Ag, $1,248 oz Au and $2.21 lb Cu*

Avino Mine

In the fourth quarter of 2014 the Company completed its Avino Mine and mill expansion. Initially, new material from underground at Avino was processed on a limited scale using the existing 250 TPD Mill Circuit 2. By year end, rehabilitation of the 1,000 TPD Mill Circuit 3 had been completed and sufficient material had been stockpiled; on January 1, 2015, full scale testing of both material and equipment commenced.

During 2015, newly mined underground material from the Avino Mine was processed primarily using Mill Circuit 3. During the months of July, August, November and December, Mill Circuit 2 was also used to process new material from the Avino Mine. Additionally, during the month of May, above ground stockpiles left from past mining of the Avino vein were processed using Mill Circuit 2; production from Mill Circuit 2 during the months listed above is reflected in the production figures in the following table. In 2016 and 2017 Mill Circuits 2 and 3 were used to process mill feed from the Avino Mine.

In the second quarter of 2018, the Company completed its Mill Circuit 4 expansion. During the testing and commissioning phase which lasted through the end of 2018, Mill Circuit 2 was used to process new material from the newly developed San Luis area of the Avino Mine while Mill Circuit 4 was used to process historic above ground Avino Mine Stockpiles.

Accordingly, year-end totals for 2016 through 2018 from the Avino Mine and Avino Mine Above Ground Stockpile Operations are reported as follows:

Avino Mine Production Totals

	2016 Totals	2017 Totals	2018 Totals
Tonnes Mined	450,281	462,279	428,075
Underground Advancement(m)	4,005	2,898	3,804
Total Mill Feed (dry tonnes)	429,289	460,890	426,794
Feed Grade Silver (g/t)	67	64	53
Feed Grade Gold (g/t)	0.42	0.516	0.49
Feed Grade Copper (%)	0.50	0.484	0.55
Copper Concentrate (dry tonnes)	9,390	9,782	9,395
Copper Concentrate Grade Silver (kg/t)	2.62	2.56	2.03
Copper Concentrate Grade Gold (g/t)	12.23	16.72	15.31
Copper Concentrate Grade Copper (%)	20.32	20.28	21.96
Recovery Silver (%)	85	85	84
Recovery Gold (%)	64	69	69
Recovery Copper (%)	90	89	87
Total Silver Recovered (kg)	24,552	24,990	19,109
Total Gold Recovered (g)	114,812	163,582	143,843
Total Copper Recovered (kg)	1,908,077	1,983,637	2,062,465
Total Silver Recovered (oz) calculated	789,372	803,438	614,361
Total Gold Recovered (oz) calculated	3,691	5,259	4,625
Total Copper Recovered (lbs) calculated	4,206,585	4,373,585	4,546,952
Total Ag Eq. (oz) calculated*	1,606,272	1,911,428	1,847,303

* *Metal production is expressed in terms of silver equivalent ounces (oz Ag Eq),In 2018, AgEq was calculated using metals prices of $15.71 oz Ag, $1,270 oz Au and $2.96 lb Cu, In 2017, AgEq was calculated using metals prices of $17.05 oz Ag, $1,258 oz Au and $2.80 lb Cu. In 2016, AgEq was calculated using $17.10 oz Ag, $1,248 oz Au and $2.21 lb Cu*

Historic Avino Mine Stockpile Production Totals

	2018 Totals
Total Mill Feed (dry tonnes)	202,830
Feed Grade Silver (g/t)	58
Feed Grade Gold (g/t)	0.41
Feed Grade Copper (%)	0.16
Bulk Concentrate (dry tonnes)	1,890
Bulk Concentrate Grade Silver (kg/t)	3.54
Bulk Concentrate Grade Gold (g/t)	22.99
Bulk Concentrate Grade Copper (%)	6.53
Recovery Silver (%)	57
Recovery Gold (%)	52
Recovery Copper (%)	38
Total Silver Recovered (kg)	6,697
Total Gold Recovered (g)	43,454
Total Copper Recovered (kg)	123,409
Total Silver Recovered (oz) calculated	215,312
Total Gold Recovered (oz) calculated	1,397
Total Copper Recovered (lbs) calculated	272,070
Total Ag Eq. (oz) calculated*	380,766

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* *Metal production is expressed in terms of silver equivalent ounces (oz Ag Eq),In 2018, AgEq was calculated using metals prices of $15.71 oz Ag, $1,270 oz Au and $2.96 lb Cu, In 2017, AgEq was calculated using metals prices of $17.05 oz Ag, $1,258 oz Au and $2.80 lb Cu. In 2016, AgEq was calculated using $17.10 oz Ag, $1,248 oz Au and $2.21 lb Cu*

Results of Operations

Twelve months ended December 31, 2018 compared with twelve months ended December 31, 2017

Revenues

Revenues for the year ended December 31, 2018 were $34,116,000. Revenues relate to the sale of bulk silver and gold concentrate produced from the San Gonzalo Mine, bulk copper, silver and gold concentrates produced from the Avino Mine, and bulk copper, silver and gold concentrates from the Avino Historical Above Ground Stockpiles. Revenues for the comparable year were $33,359,000. The increase in revenues of $757,000 in the current year can be attributed to an increase in the number of AgEq oz. sold by 18%, and was partially offset by a decrease in the average realized price of silver by 10%, compared to the year ended December 31, 2017. During the year ended December 31, 2018 the Company produced 9,395 tonnes of bulk copper/silver/gold concentrate from its Avino Mine, 1,890 tonnes of bulk copper/silver/gold concentrate from its Avino Historical Above Ground Stockpiles, and 3,174 tonnes of bulk silver/gold concentrate from its San Gonzalo Mine. The Company recognized revenues of $21,816,000 on sales from the Avino Mine, $3,336,000 on sales from the Avino Historical Above Ground Stockpiles, and $8,964,000 on sales from the San Gonzalo Mine.

Metal prices for revenues recognized during the year ended December 31, 2018, weighted by dollar of revenue recognized, averaged $15.32 per ounce of silver, $1,249 per ounce of gold and $6,392 per tonne of copper. Compared to metal prices for revenues recognized in the year ended December 31, 2017 of $17.05 per ounce of silver, $1,268 per ounce of gold and $6,251 per tonne of copper, this represents a decrease of 10%, decrease of 2%, and an increase of 2%, respectively.

Operating and administrative expenses

Operating expenses, or cost of sales, includes production costs from mining operations and depreciation and depletion. Production costs for the year ended December 31, 2018 were $27,850,000 compared to $22,106,000 for the year ended December 31, 2017, an increase of $5,744,000. The increase is primarily due to an increase in silver equivalent ounces sold from 2.64 million AgEq oz. in 2018, an increase of 0.4 million, or 18%, from 2.24 million AgEq oz. sold in 2017.

Administrative expenses include management, consulting, and director fees, salaries, office expenses, investor relations, travel, and promotion, as well as share-based payments, and were $4,195,000 for the year ended December 31, 2018, compared to $5,331,000 for the year ended December 31, 2017, a decrease of $1,136,000. Operating and administrative expenses decreased compared to the year ended December 31, 2017 primarily due to a decrease in share-based payments of $1,388,000. This is a result of a reduced number of options granted during the year ended December 31, 2018 compared to the year ended December 31, 2017, from 1,475,000 in 2017 down to 497,500 in 2018. Further, the resulting fair value of each option issued also decreased when calculated through the Black Scholes Option Pricing model decreased in 2018 compared to 2017 due to fluctuations in the share price volatility, share price on issuance date and interest rates used in the model.

Earnings for the year

The earnings for the year ended December 31, 2018 were $1,626,000 compared to $2,522,000 for the year ended December 31, 2017, a decrease of $896,000. Current income tax expenses for the year ended December 31, 2018 were $1,052,000 compared to $2,911,000 during the year ended December 31, 2017, a decrease of $1,859,000. The change in current income taxes is a result of decrease mine operating income in 2018, which was $6,266,000 compared to $11,253,000 in 2017. Deferred income tax recoveries for the year ended December 31, 2018 were $645,000 compared to $140,000 during the year ended 2017, a decrease of $505,000. The decrease in deferred income tax recoveries is a result of a decrease in the liability associated temporary differences arising from the carrying value of plant, equipment and mining properties. Overall, the decrease in net income in 2018 compared to 2017 was primarily due to the decrease in mine operating income mentioned above, and such decrease in net income was partially offset by decreases in overall income tax expenses.

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

Revenues

Revenues for the year ended December 31, 2017 were $33,359,000. Revenues relate to the sale of bulk silver and gold concentrate produced from the San Gonzalo Mine and from bulk copper, silver and gold concentrate from the Avino Mine. Revenues for the comparable year were $34,692,000. The decrease in revenues of $1,333,000 in the current year can be attributed a decrease of 4% in the realized price of silver compared to the year ended December 31, 2016. During the year ended December 31, 2017, the Company produced 9,782 tonnes of bulk copper/silver/gold concentrate from its Avino Mine, and 3,167 tonnes of bulk silver/gold concentrate from its San Gonzalo Mine, and recognized revenues of $24,846,000 on the sale of 9,655 tonnes of Avino Mine bulk copper/silver/gold concentrate and $8,513,000 on the sale of 2,366 tonnes of San Gonzalo bulk silver/gold concentrate for a gross profit of $11,253,000.

Metal prices for revenues recognized during the year ended December 31, 2017, weighted by dollar of revenue recognized, averaged $17.05 per ounce of silver, $1,268 per ounce of gold and $6,251 per tonne of copper. This is compared to metal prices for revenues recognized during the year ended December 31, 2016, of $17.71 per ounce of silver, $1,258 per ounce of gold and $4,850 per tonne of copper, a decrease of 4%, an increase of 1%, and an increase of 29%, respectively.

Operating and administrative expenses

Operating and administrative expenses include management, consulting, and director fees, salaries, office expenses, investor relations, travel, and promotion, as well as share-based payments, and were $5,331,000 for the year ended December 31, 2017, compared to $5,007,000 for the year ended December 31, 2016, an increase of $324,000. Operating and administrative expenses increased compared to the previous year due to an increased in share-based payment expense of 66%, as a result of the vesting of restricted share units ("RSUs") and options issued during the period. Although the Company's operations are expanding, management continues to monitor operating and administrative expenses carefully to maintain efficient operations.

Earnings for the year

The earnings for the year ended December 31, 2017 were $2,522,000 compared to $2,016,000 for the year ended December 31, 2016, an increase of $506,000. Net income was higher in 2017, primarily due to a decrease in overall income tax expense. Income before tax was $5,293,000; however, this was reduced by current income tax expense of $2,911,000 and increased by a non-cash deferred income tax recovery of $140,000.

Voluntary Change in Accounting Policy

Upon review of the Company's experience at the Avino and San Gonzalo mines, on a retrospective basis, the Company has changed its accounting policy under IFRS 6 and IAS 16 in accounting for its exploration and evaluation assets and development costs. The change in accounting policy resulted in a reassessment of the commencement of production date from April 1, 2016 to July 1, 2015, at the Avino Mine. The voluntary change in accounting policy is intended to provide shareholders with a better reflection of its business activities to enhance the comparability of its financial statements to its peers and to make the consolidated financial statements more relevant to the economic decision-making needs of users. The forgoing discussion reflects the change in accounting policy. See note 3 to the Company's financial statements.

B. Liquidity and capital resources

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

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

During the month of September 2018, the Company issued 151,800 common shares for aggregate proceeds of $136,000 pursuant to the Company's at-the-market offering. The Company intends to use the proceeds primarily for working capital.

On September 25, 2018, the Company issued 7,105,658 common shares and warrants to purchase 7,175,846 common shares in the aggregate for gross proceeds of $4,619,000 in a public offering in the US. The Company intends to use the proceeds to advance the exploration and development of the Avino Mine and Bralorne Mine and for working capital.

Discussion and analysis relating to our liquidity as at December 31, 2018 and December 31, 2017 is as follows:

Statement of Financial Position	December 31, 2018	December 31, 2017
Cash	$ 3,252,000	$ 3,420,000
Working Capital	13,106,000	16,403,000
Accumulated Deficit	16,505,000	18,877,000

Cash comprises cash at banks and on hand, and short-term deposits with an original maturity of three months or less which are readily convertible into a known amount of cash.

At December 31, 2018, $736,000 of the $3,252,000 of cash was held by our Mexican subsidiaries. If these funds were needed for our operations in Canada, we would be required to accrue and pay Canadian taxes (to the extent we no longer had Canadian tax loss carry forwards available) to repatriate these funds. However, our intent is to permanently reinvest these funds back into our Mexican subsidiaries and our current plans do not demonstrate a need to repatriate them to fund our Canadian operations.

Cash Flow	December 31, 2018	December 31, 2017
Cash generated by (used in) operating activities	$ 9,224,000	$ (2,167,000)
Cash generated by (used in) financing activities	3,855,000	(3,055,000)
Cash used in investing activities	(13,229,000)	(3,135,000)
Change in cash	(150,000)	(8,357,000)
Effect of exchange rate changes on cash	(18,000)	(3,000)
Cash, beginning of the year	3,420,000	11,780,000
Cash, end of year	$ 3,252,000	$ 3,420,000

Operating Activities

Cash generated by operating activities for the year ended December 31, 2018, was $9,224,000 compared to cash used in operating activities of $2,167,000 for the year ended December 31, 2017. Cash generated by or used in operating activities can fluctuate with changes in net income, non-cash items, such as foreign exchange, share-based payments and deferred income tax expenses, and working capital.

Financing Activities

Cash generated by financing activities was $3,855,000 for the year ended December 31, 2018, compared to cash used in financing activities of $3,055,000 in the year ended December 31, 2017, a change of $6,910,000. The change in cash provided by financing activities for the year ended December 31, 2018, relates primarily to increased activity involving the issuance of common shares and warrants in brokered bought-deal and at-the-market offerings issued under prospectus supplements, as well as the issuance of common shares upon the exercise of stock options. During the year ended December 31, 2018, the Company issued common shares and warrants through the aforementioned offerings, as well as employees, consultants, and directors exercised stock options, all which generated cash flows of $8,466,000 (2017 – $40,000). During the year ended December 31, 2018, the Company also made finance lease and equipment loan payments of $2,611,000 (2017 - $2,428,000), and repayments of $2,000,000 (2017 - $667,000) on the term facility. In November 2018, the Company and Samsung C&T U.K. Ltd. amended the concentrates prepayment agreement, extending the sales of Avino Mine concentrates to December 2024 and deferring monthly repayments on the term facility provided under the agreement to the period November 2019 through October 2021.

Investing Activities

Cash used in investing activities for the year ended December 31, 2018, was $13,229,000 compared to $3,135,000 for the year ended December 31, 2017. Cash used in investing activities during the year ended December 31, 2018, includes cash expenditures of $9,416,000 (2017 - $6,608,000) on the acquisition of property and equipment. Equipment purchases included new mining, milling/processing, and transportation equipment for the Company's San Gonzalo Mine and Avino Mine, and exploration and mining equipment for the Bralorne Mine. During the year ended December 31, 2018, the Company also incurred cash expenditures of $5,361,000 (2017 - $5,527,000) on exploration and evaluation activities, of which $432,000 relate to exploration and evaluation activities at the Avino Mine, and $4,929,000 relate to exploration and evaluation activities at the Bralorne Mine. During the year ended December 31, 2018, the Company redeemed $1,000,000 (2017 - $9,000,000) of the $10,000,000 in short-term investments (comprised of term deposits) that were purchased during the year ended December 31, 2016, and another $548,000 in reclamation bonds (2017 - $Nil).

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

As the Company is a mining and exploration company with no research and development, the information required by this section is not applicable.

D. Trend information

As at the time of filing this Annual Report and as otherwise disclosed in this Annual Report, the Company is not aware of any specific trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's net sales or revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause reported financial information not necessarily to be indicative of future operating results or financial condition. However, it should be noted that a planned major expansion of the Avino Mine and the indicated current mine life of approximately 0.8 years at San Gonzalo would likely have positive and negative impacts, respectively, on future cash flows after 2018. Many factors that are beyond the control of the Company can affect the Company's operations, including, but not limited to, the price of minerals, the economy on a global scale, land and exploration permitting, and the appeal of investments in mining companies. The appeal of mining companies as investment alternatives could affect the liquidity of the Company and thus future exploration and evaluation, extracting and processing activities, and financial conditions of the Company. Other factors such as retaining qualified mining personnel and contractor availability and costs could also impact the Company's operations.

E. Off-balance sheet arrangements

The Company has no off-balance sheet arrangements.

F. Tabular disclosure of contractual obligations

As at December 31, 2018, the Company had the following contractual obligations:

	Payment due by period				
	Total	***<1 year***	***1-3 Years***	***3-5 Years***	***More than 5 years***
Accounts payable and accrued liabilities	*$ 5,885,000*	*$ 5,885,000*	*$ -*	*$ -*	*$ -*
Due to related parties	*157,000*	*157,000*	*-*	*-*	*-*
Minimum rental and lease payments	*246,000*	*162,000*	*64,000*	*10,000*	*10,000*
Term facility	*7,669,000*	*1,432,000*	*6,237,000*	*-*	*-*
Equipment loan	*978,000*	*550,000*	*427,000*	*1,000*	*-*
Finance lease obligations	*1,889,000*	*942,000*	*947,000*	*-*	*-*
Total	*$ 16,824,000*	*$ 9,128,000*	*$ 7,675,000*	*$ 11,000*	*$ 10,000*

G. Safe harbor

Certain statements in this Annual Report, including those appearing under this Item 5E and 5F, constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Additionally, forward-looking statements may be made orally or in press releases, conferences, reports, on our website or otherwise, in the future, by us or on our behalf. Such statements are generally identifiable by the terminology used such as "plans", "expects", "estimates", "budgets", "intends", "anticipates", "believes", "projects", "indicates", "targets", "objective", "could", "may", or other similar words.

The forward-looking statements are subject to known and unknown risks and uncertainties and other factors that may cause actual results, levels of activity and achievements to differ materially from those expressed or implied by such statements. Such factors include, among others: market prices for metals; the results of exploration and evaluation drilling and related activities; economic conditions in the countries and provinces in which we carry on business, especially economic slowdown; actions by governmental authorities including increases in taxes, changes in environmental and other regulations, and renegotiations of contracts; political uncertainty, including actions by insurgent groups or other conflict; the negotiation and closing of material contracts; and the other factors discussed in Item 3.D.: Key Information – Risk factors, and in other documents that we file with the SEC. The impact of any one factor on a particular forward-looking statement is not determinable with certainty as such factors are interdependent upon other factors; our course of action would depend upon our assessment of the future considering all information then available. In that regard, any statements as to future levels of extracting and processing resources; capital expenditures; the allocation of capital expenditures to exploration and evaluation activities; sources of funding of our capital program; drilling; expenditures and allowances relating to environmental matters; dates by which certain areas will be available for extraction and processing or will come on-stream; expected exploration and evaluation costs; future rates of extracting and processing resources; ultimate recoverability of reserves; dates by which transactions are expected to close; cash flows; uses of cash flows; collectability of receivables; availability of trade credit; expected operating costs; expenditures and allowances relating to environmental matters; debt levels; and changes in any of the foregoing are forward-looking statements, and there can be no assurances that the expectations conveyed by such forward-looking statements will, in fact, be realized.

Although we believe that the expectations conveyed by the forward-looking statements are reasonable based on information available to us on the date such forward-looking statements were made, no assurances can be given as to future results, levels of activity, achievements or financial condition.

Readers should not place undue reliance on any forward-looking statement and should recognize that the statements are predictions of future results, which may not occur as anticipated. Actual results could differ materially from those anticipated in the forward-looking statements and from historical results, due to the risks and uncertainties described above, as well as others not now anticipated. The foregoing statements are not exclusive and further information concerning us, including factors that could materially affect our financial results, may emerge from time to time. We do not intend to update forward-looking statements to reflect actual results or changes in factors or assumptions affecting such forward-looking statements.

Item 6. Directors, Senior Management and Employees

A. Directors and senior management

The following is a list of the Company's directors and senior management as at March 20, 2019. The directors are elected for a term of one year at the annual meeting of shareholders. This year's annual meeting will be held on May 30, 2019.

Name and Present Position with the Company	***Principal Occupation***	***Director/Officer Since***
Michael Baybak Director	Business Consultant; Principal of Michael Baybak & Co. Inc. – marketing and communications	June 1990
Gary Robertson Director	Certified Financial Planner; Director and Chairman of Avino Silver & Gold Mines Ltd, and Coral Gold Resources Ltd.	August 2005
David Wolfin Director/President/CEO	Director, President and CEO of Avino Silver & Gold Mines Ltd., Coral Gold Resources Ltd., and Gray Rock Resources Ltd. and Director of Berkley Renewables Inc. and Great Thunder Gold Corp.	October 1995
Peter Bojtos Director	President of Pembridge Resources plc and Director of Avino Silver & Gold Mines and Sage Gold Inc.	June 15, 2018
Jasman Yee Director	Professional Engineer and Metallurgist	January 2011
J.C. Rodríguez Chief Operating Officer	Geology Professional	December 2012
Dorothy Chin Corporate Secretary	Corporate Secretary of Avino Silver & Gold Mines Ltd., Coral Gold Resources Ltd., and Gray Rock Resources Ltd.	September 2008
Nathan Harte Chief Financial Officer	CPA, Chief Financial Officer of Avino Silver & Gold Mines Ltd, Coral Gold Resources Ltd., and Gray Rock Resources Ltd.	November 2018

B. Compensation

During the last completed fiscal year, the Company had four executive officers, namely, David Wolfin, Chief Executive Officer; Nathan Harte, Chief Financial Officer (appointed on November 21, 2018); Malcolm Davidson, former Chief Financial Officer (employment relationship ended on November 21, 2018) and J.C. Rodríguez, Chief Operating Officer.

- **Compensation Discussion and Analysis**

The executive compensation program is comprised of fixed and variable elements of compensation; base salary, discretionary bonus, and equity based incentive awards in the form of stock options and Restricted Share Units ("RSUs") to its executive officers. The Company recognizes the need to provide a compensation package that will attract and retain qualified and experienced executives, as well as align the compensation level of each executive to that executive's level of responsibility. The three components of the compensation package are included to enable the Company to meet different objectives.

The objectives of base salary are to recognize market pay and acknowledge the competencies and skills of individuals. The objective of discretionary bonuses (paid in the form of cash payments) is to add a variable component of compensation to recognize corporate and individual performances for executive officers and employees. The objectives of equity based incentive award are to align the interest of executive officers with that of Shareholders by encouraging equity ownership through awards of stock options and RSUs, to motivate executive and other key employees to contribute and increase in corporate performance and shareholder value, and to attract talented individuals and reward achievement of long-term financial and operating performance and focus on key activities and achievements critical to the ongoing success of the Company. Implementation of incentive stock options and RSUs plans and amendments thereto are the responsibility of the Company's Compensation Committee.

The compensation of the executive officers is reviewed and recommended for Board approval by the Company's Compensation Committee. Although the Board has not formally evaluated the risks associated with the Company's compensation policies and practices, the Board has no reason to believe that any risks that arise from the Company's compensation policies and practices are reasonably likely to have a material impact on the Company.

The members of the Compensation Committee are Peter Bojtos (Chair), Michael Baybak and Gary Robertson, all of whom are independent.

The general objectives of the Company's compensation strategy are to:

(a) compensate management in a manner that encourages and rewards a high level of performance and outstanding results with a view to increasing long-term shareholder value;

(b) align management's interests with the long-term interests of shareholders;

(c) provide a compensation package that is commensurate with other comparable companies to enable the Company to attract and retain talent; and

(d) ensure that the total compensation package is designed in a manner that takes into account the Company's present stage of exploration, evaluation, extraction, and processing activities and its available financial resources. The Company's compensation packages have been designed to provide a blend of a non-cash stock option component and a reasonable salary. In addition, extraordinary efforts which enhance shareholder value are rewarded with cash bonuses.

Other than discussed above, the Company has no other forms of compensation. Payments may be made from time to time to individuals or companies that they control for the provision of consulting services which may be deemed a form of compensation. Such consulting services are paid for by the Company at competitive industry rates for work of a similar nature by reputable arm's length services providers.

Actual compensation will vary based on the performance of the executives relative to the achievement of goals and the price of the Company's securities.

Compensation Element	Description	Compensation Objectives
Annual Base Salary	Salary is market-competitive, fixed level of compensation	Retain qualified leaders, motivate strong business performance.
Incentive Bonuses	Discretionary cash payment	Reward individual performance in achieving corporate goals
Equity Based Incentive Awards	Equity-based incentive awards are made in the form of incentive stock options and Restricted Share Units ("RSU"). The amount of each grant will be dependent on individual and corporate performance.	Reward long-term financial and operating performance and align interests of key employees with those of shareholders

The Company relies on the discretion and judgment of the directors in establishing and amending contracts for all forms of compensation, including stock options and RSUs to be granted to the CEO and the directors, and for reviewing the CEO's recommendations respecting compensation of the other officers of the Company, to ensure such arrangements reflect the responsibilities and risks associated with each position. There is no formal process using objectives, criteria, or analysis, for determining compensation. However, the Compensation Committee considers a number of key factors (including cash cost per ounce of silver equivalent, all-in sustaining cost per ounce of silver equivalent, operating margin and net income, share price relative to a competitive set of silver producers, safety and environmental issues, changes in amounts and categories of reserves and resources, total silver equivalent ounces produced and sold, investor and community relations, exploration results, financings, etc.), and considers these in comparison to other similar silver producers (that have comparable market capitalizations, revenues, and total assets). When determining the compensation of its officers, the Compensation Committee and the Board are guided by the general objectives of the Company's compensation strategy as set out above.

• ***Summary Compensation Table***

The following table sets forth particulars concerning the compensation paid or accrued for services rendered to the Company in all capacities during the most recently completed financial year ended December 31, 2018 of the Company to its executive officers:

Name and principal position	Year	Salary ($)	Share-based awards ($)[1]	Option-based awards ($)[2]	Non-equity incentive plan compensation ($)[3]	Pension value ($)[4]	All other compensation ($)[5]	Total compensation ($)
David Wolfin[6] [9] President, CEO and Director	2018	231,535	227,875	NIL	NIL	NIL	NIL	459,410
	2017	231,018	282,019	219,467	NIL	NIL	NIL	732,504
	2016	226,381	113,276	30,184	NIL	NIL	277,090	646,931
Malcolm Davidson Former CFO[8] [9]	2018	259,661	1,278	NIL	NIL	NIL	NIL	260,939
	2017	149,007	85,528	109,734	NIL	NIL	NIL	344,269
	2016	132,056	33,983	60,368	NIL	NIL	49,125	275,532
Nathan Harte CFO[8] [9]	2018	5,981	4,201	11,016	NIL	NIL	NIL	21,199
J.C. Rodríguez COO[7]	2018	170,563	72,172	NIL	NIL	NIL	NIL	242,735
	2017	177,192	85,528	109,734	NIL	NIL	NIL	372,456
	2016	160,762	33,983	60,368	NIL	NIL	47,540	302,653

(1) Share Based Awards are in the form of RSUs under two separate Plans. The 2016 RSU Plan was a fixed plan approved by the shareholders on May 27, 2016 which allowed for a total of 870,560 RSUs to be granted to officers, directors, employees and consultants. As of December 31, 2018, a total of 870,500 RSUs were granted and 531,810 were vested under the 2016 RSU Plan. The second RSU Plan (the "2018 RSU Plan") was approved by the shareholders on May 24, 2018, and the maximum number of RSU shares issuable under this Plan shall not, together with all other security-based compensation arrangements of the Corporation exceed 10% of the issued and outstanding Common Shares as at the date of such Grant on a non-diluted basis. As of December 31, 2018, 1,081,500 RSUs were granted under the 2018 RSU Plan to officers, directors, employees and consultants and none of these RSUs were vested. The value of the RSUs is based on the closing price of the Common Shares on the vesting date. The RSUs will vest one-third annually over three years, and the amount above reflects the accrual for unvested share-based awards issued in the current and previous years, as at December 31, 2018. The closing market price on September 2, 2016 was C$2.95 per common share, the closing market price on September 20, 2017 was C$1.98 per common share, and the closing market price on August 28, 2018 was C$1.31per common share.

(2) The methodology used to calculate the grant-date fair value is based on the Black-Scholes Option Pricing Model. During the year ended December 31, 2018, 497,500 new option-based awards were granted to officers, directors, employees, and consultants. The fair value was estimated using the following weighted-average assumptions: risk-free interest rate of 2.25%, expected dividend yield of 0%, expected option life of 5 years, and expected share price volatility of 60.26%.

(3) The Company does not have a non-equity incentive plans.

(4) The Company does not have any pension plans.

(5) Discretionary cash payment of incentive bonuses.

(6) On June 24, 2010, Mr. David Wolfin was appointed CEO. Mr. Wolfin's salary was paid to Intermark Capital Corp., a private BC corporation controlled by Mr. Wolfin.

(7) Mr. Rodríguez receives his salary in Mexican Pesos ("MXP"). For 2018, Mr. Rodriguez' salary of MXP 3,286,373, was converted into US dollars by applying an exchange rate of 1MXP = US$0.0519.

(8) The employment relationship with Malcolm Davidson, former Chief Financial Officer ended on November 21, 2018 and Mr. Nathan Harte, Chief Financial Officer was appointed on the same date.

(9) All compensation to Mr. David Wolfin, Mr. Malcolm Davidson, and Mr. Nathan Harte are paid in Canadian dollars and are converted into US dollars by applying an exchange rate of US$1.00 = C$1.2957 for 2018, US$1.00 = C$1.2986 for 2017, and US$1.00 = C$1.3252 for 2016, based on the average exchange rate for the year quoted by the Bank of Canada.

• ***Annual Base Salary***

Base Salary for the executive officers is determined by the Board based upon the recommendation of the Compensation Committee and its recommendations are reached primarily by comparison of the remuneration paid by other reporting issuers similar in size and within the industry and review of other publicly available information on remuneration that the Compensation Committee feels is suitable.

The Annual Base Salary paid to the executive officers is, for the purpose of establishing appropriate increases, reviewed annually by the Board upon the recommendation of the Compensation Committee as part of the annual review of executive officers. The decision on whether to grant an increase to the executive's base salary and the amount of any such increase is in the sole discretion of the Board and Compensation Committee.

• ***Non-Equity Incentive Plan Compensation***

One of the three components of the Company's compensation package is a discretionary annual cash bonus, paid to recognize individual performance in attaining corporate goals and objectives. The Company does not have a long-term incentive plan.

• ***Equity-Based Incentive Awards***

Equity-based incentive awards are in the form of the grant of incentive stock options and RSUs. The objective of the equity-based incentive award is to reward executive officers, employees and directors' individual performance at the discretion of the Board upon the recommendation of the Compensation Committee.

The Company currently maintains a stock option and two RSUs plans (the "Plans"), under which stock options have been granted and may be granted to purchase a number equal to up to 10% of the Company's issued capital from time to time. On April 15, 2016, the board of directors of Avino, acting upon the recommendations of the Compensation Committee, implemented a fixed restricted share unit plan (the "2016 RSU Plan") for the issuance of up to a maximum of 870,560 restricted share units ("RSUs") to qualifying directors, officers, employees, and consultants, upon certain vesting restrictions determined by the board of directors, for any RSUs awarded. The 2016 RSU Plan was approved by the shareholders of Avino on May 27, 2016. As of December 31, 2018, a total of 870,500 RSUs were granted and 506,045 were vested. The second RSU Plan (the "2018 RSU Plan") was approved by the shareholders on May 24, 2018, and the maximum number of RSU shares issuable under this Plan shall not, together with all other security-based compensation arrangements of the Corporation exceed 10% of the issued and outstanding Common Shares as at the date of such Grant on a non-diluted basis. As of December 31, 2018, 1,081,500 RSUs were granted under the 2018 RSU Plan to officers, directors, employees and consultants and none of these RSUs were vested. The RSUs will vest at the rate of one-third annually, until fully vested over three years from the date of the awards, and provided that these designated persons are continuously employed with or providing services to Avino.

All Plans are administered by the Compensation Committee. The process the Company uses to grant equity based incentive awards is upon the recommendations of the Compensation Committee.

The role of the Compensation Committee is to recommend to the Board the compensation of the Company's directors and the executive officers which the Committee feels is suitable. All previous grants of equity-based incentive awards are taken into account when considering new grants.

• ***Outstanding share-based awards and option-based awards***

The following table sets forth the options and RSUs granted to the executive officers to purchase or acquire securities of the Company outstanding at December 31, 2018:

	Option-based Awards				Share-based Awards			
Name	**Number of securities underlying unexercised options (#)**	**Option exercise price (C$)[3]**	**Option expiration date**	**Value of unexercised in-the-money options ($)[1][4]**	**Share grant date**	**Number of shares or units of shares that have not vested (#)[2]**	**Market or payout value of share-based awards that have not vested ($)[2][4]**	**Market or payout value of vested share-based awards not paid out or distributed ($)[2] [4]**
David Wolfin	100,000	$ 1.90	Sept 19, 2019	Nil	Sept 2, 2016	83,334	189,732	Nil
President, CEO	25,000	$ 2.95	Sept 2, 2021	Nil	Sept 20, 2017	8,667	13,244	Nil
and Director	250,000	$ 1.98	Sept. 20, 2022	Nil	Aug 28, 2018	405,000	409,470	Nil
Malcolm Davidson	50,000	$ 1.90	Sept 19, 2019	Nil	Sept 2, 2016	5,480	12,477	Nil
Former CFO [5] [6]	50,000	$ 2.95	Sept 2, 2021	Nil	Sept 20, 2017	425	649	Nil
	125,000	$ 1.98	Sept. 20, 2022	Nil	Aug 28, 2018	8,151	8,241	Nil
Nathan Harte,	25,000	$ 1.98	Sept. 20, 2022	Nil	Sept 20, 2017	1,250	1,910	Nil
CFO [5]	50,000	$ 1.30	Aug 28, 2023	Nil	Aug 28, 2018	25,500	25,781	Nil
J.C. Rodríguez	50,000	$ 1.90	Sept 19, 2019	Nil	Sept 2, 2016	25,000	56,919	Nil
COO	50,000	$ 2.95	Sept 2, 2021	Nil	Sept 20, 2017	5,000	7,641	Nil
	125,000	$ 1.98	Sept. 20, 2022	Nil	Aug 28, 2018	126,000	127,391	Nil

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(1) In-the-Money Options are the difference between the market value of the underlying securities at December 31, 2018 and the exercise price of the option. The closing Toronto Stock Exchange share price for the Company's common shares as at December 31, 2018 was C$0.84 per common share.

(2) Share Based Awards are in the form of RSUs under two separate Plans. The 2016 RSU Plan was a fixed plan approved by the shareholders on May 27, 2016 which allowed for a total of 870,560 RSUs to be granted to officers, directors, employees and consultants. As of December 31, 2018, a total of 870,500 RSUs were granted and 506,045 were vested. The second RSU Plan (the "2018 RSU Plan") was approved by the shareholders on May 24, 2018, and the maximum number of RSU shares issuable under this Plan shall not, together with all other security-based compensation arrangements of the Corporation exceed 10% of the issued and outstanding Common Shares as at the date of such Grant on a non-diluted basis. As of December 31, 2018, 1,081,500 RSUs were granted under the 2018 RSU Plan to officers, directors, employees and consultants and none of these RSUs were vested. The value of the RSUs is based on the closing price of the Common Shares on the vesting date. The RSUs will vest one-third annually over three years, and the amount above reflects the accrual for unvested share-based awards issued in the current and previous years, as at December 31, 2018. The closing market price on September 2, 2016 was C$2.95 per common share, the closing market price on September 20, 2017 was C$1.98 per common share, and the closing market price on August 28, 2018 was C$1.31per common share.

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

(4) The Awards are calculated in Canadian dollars and are converted into US dollars by applying an exchange rate of US$1.00 = C$1.2957, which represents the average exchange rate for the year 2018 quoted by the Bank of Canada.

(5) The employment relationship with Mr. Malcolm Davidson, former Chief Financial Officer ended on November 21, 2018 and Mr. Nathan Harte, Chief Financial Officer was appointed on the same date.

(6) Mr. Malcolm Davidson's RSUs were calculated on a pro rata basis based on the date of his departure on November 21, 2018.

• ***Incentive plan awards – value vested or earned during the year***

An "incentive plan" is any plan providing compensation that depends on achieving certain performance goals or similar conditions within a specific period. An "incentive plan award" means compensation awarded, earned, paid or payable under an incentive plan.

The following table sets forth the value vested or earned during the year of option-based awards, share-based awards and non-equity incentive plan compensation paid to executive officers during the most recently completed financial year ended December 31, 2018:

Name	Option-based awards – Value vested during the year ($) [1][3]	Share-based awards – Value vested during the year ($) [2][3]	Non-equity incentive plan compensation – Value earned during the year ($)[3]
David Wolfin President, CEO and Director	Nil	85,091	Nil
Malcolm Davidson Former CFO	Nil	26,472	Nil
Nathan Harte, CFO	Nil	492	Nil
J.C. Rodríguez COO	Nil	26,472	Nil

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(1) The aggregate dollar value that would have been realized if the options granted during the year had been exercised on the vesting date.
(2) The RSU Vesting prices were C$1.27 and C$1.02, which represents the share price on September 2, 2018 and September 20, 2018, the date in which the RSUs vested.
(3) The Awards are calculated in Canadian dollars and are converted into US dollars by applying an exchange rate of US$1.00 = C$1.2957 which represents the average exchange rate for the year 2018 as quoted by the Bank of Canada.

• ***Pension Plan Benefits***

No pension plan or retirement benefit plans have been instituted by the Company and none are proposed at this time.

• ***Use of Financial Instruments***

The Company does not have in place policies which restrict the ability of directors or executive officers to purchase financial instruments, such as prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by a director or executive officers. However, any such purchases would be subject to applicable insider reporting requirements.

• ***Termination and Change of Control Benefits***

On January 1, 2016, the Company entered into a consulting agreement with Intermark Capital Corporation, a company owned by David Wolfin, and on March 23, 2016 the Company further amended the consulting agreement which contains certain provisions in connection with termination of employment or change of control. The consulting agreement was renewed for a period of three years on January 1, 2019 with the same terms and conditions.

This Agreement can be terminated at any time as follows:

(a) by the Consultant electing to give the Company not less than 3 months prior notice of such termination;

(b) by the Company electing to give the Consultant 3 months prior notice of such termination along with a termination payment equal to the annual Consulting Fee; and

(c) by the Consultant electing to give the Company notice, in the event that there occurs a Change of Control (as defined below) within six (6) months of the effective date of such Change of Control, and if the Consultant so elects to terminate this Agreement, then the Consultant will be immediately entitled to a termination payment equal to C$2 million.

On January 1, 2014, the Company entered into an employment agreement with Malcolm Davidson, the named executive officer of the Company. The agreement contains certain provisions in connection with termination of employment or change of control.

This Agreement may be terminated at any time as follows:

(a) by the Executive electing to give the Company not less than 1 month's prior notice of such termination for which Executive will be paid his salary, accrued bonuses, if any, and vacation earned and other amounts due to him up to the termination date;

(b) by the Company upon 1 month's prior notice of such termination along with a termination payment equal to the Executive's salary and accrued bonus earned during the preceding 12 months prior to the month notice of termination was given, plus any accrued vacation and other amounts due to him up to the termination date; or

(c) (1) by the Executive electing to give the Company notice, in the event that there occurs a Change of Control (as defined below) within 6 months of the effective date of such Change of Control, and if the Executive so elects to terminate this Agreement, or (2) by the Company upon notice to the Executive within 3 months prior to or within 6 months after a Change of Control is announced by the Company, then the Executive will be entitled receive on the date of termination a termination payment equal to 3 times the Executive's salary and accrued bonus earned during the preceding 12 months prior to the month notice of termination was given, plus any accrued vacation and other amounts due to him up to the termination date.

The employment relationship with Mr. Malcolm Davidson ended on November 21, 2018, and in connection with the ending of his employment, Mr. Davidson received C$135,000 from the Company.

On July 1, 2013, the Company entered into an employment agreement with J.C. Rodríguez, the named executive officer of the Company. The employment agreement was further amended on April 14, 2014.

(a) by the Employee electing to give the Employer not less than 3 months prior notice of such termination;

(b) by the Employer electing to give the Employee 3 months prior notice of such termination along with a termination payment equal to the sum of Employee's Fee earned pursuant to Section TEN during the preceding 12 months prior to the month notice of termination was given plus any unpaid vacation and other amounts due to him up to the termination; and

(c) (1) by the Employee electing to give the Employer notice, in the event that there occurs a Change of Control (as defined below) within 6 months of the effective date of such Change of Control, and if the Employee so elects to terminate this Agreement, or (2) by the Employer upon notice to the Employee within 3 months prior to or within 6 months after a Change of Control is announced by the Employer, or its parent, then the Employer will be entitled to a termination payment equal to 3 times the sum of Employee's Fee earned pursuant to Section Ten of the employment agreement during the preceding 12 months prior to the month notice of termination was given, plus any accrued vacation and other amounts due to him up to the termination.

A Change of Control shall be deemed to have occurred when:

(i) any person, entity or group becomes the beneficial owner of 20% or more of the combined voting power of the Company's then outstanding voting securities entitled to vote generally in the election of directors, and such person, entity or group uses such effective voting control to change a majority of the Board of Directors of the Company, either all at once or through any series of elections and appointments when considered together; or

(ii) completion of the sale or other disposition by the Company of all or substantially all of the Company's assets or a reorganization or merger or consolidation of the Company with any other entity or corporation, other than:

(A) a reorganization or merger or consolidation that would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent, either by remaining outstanding or by being converted into voting securities of another entity, more than 50.1% of the combined voting power of the voting securities of the Company or such other entity outstanding immediately after such reorganization or merger or consolidation; or

(B) a reorganization or merger or consolidation effected to implement a recapitalization or reincorporation of the Company (or similar transaction) that does not result in a material change in beneficial ownership of the voting securities of the Company or its successor.

• ***Director Compensation***

The following table sets forth the value of all compensation paid or accrued to the directors, excluding Mr. Wolfin who is paid as an officer and not as a director, in their capacity as directors for the year ended December 31, 2018:

Name	Fees earned[6] ($)	Share-based awards[1] [6] ($)	Option-based awards[2][6] ($)	Non-equity incentive plan compensation[3] [6] ($)	Pension value[4][6] ($)	All other compensation[6] ($)	Total[6] ($)
Michael Baybak*	38,782	34,784	6,396	Nil	Nil	Nil	79,962
Gary Robertson*	55,568	63,365	Nil	Nil	Nil	Nil	118,933
Jasman Yee	30,871	56,302	Nil	Nil	Nil	35,791[5]	122,965
Peter Bojtos*[7]	20,452	4,443	15,990	Nil	Nil	Nil	40,885
Ross Glanville*[7]	16,252	Nil	Nil	Nil	Nil	Nil	16,252

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* Independent and Non-Employee Directors

(1) Share Based Awards are in the form of RSUs under two separate Plans. The 2016 RSU Plan was a fixed plan approved by the shareholders on May 27, 2016 which allowed for a total of 870,560 RSUs to be granted to officers, directors, employees and consultants. As of December 31, 2018, a total of 870,500 RSUs were granted and 506,045 were vested. The second RSU Plan (the "2018 RSU Plan") was approved by the shareholders on May 24, 2018, and the maximum number of RSU shares issuable under this Plan shall not, together with all other security-based compensation arrangements of the Corporation exceed 10% of the issued and outstanding Common Shares as at the date of such Grant on a non-diluted basis. As of December 31, 2018, 1,081,500 RSUs were granted under the 2018 RSU Plan to officers, directors, employees and consultants and none of these RSUs were vested. The value of the RSUs is based on the closing price of the Common Shares on the vesting date. The RSUs will vest one-third annually over three years, and the amount above reflects the accrual for unvested share-based awards issued in the current and previous years, as at December 31, 2018. The closing market price on September 2, 2016 was C$2.95 per common share, the closing market price on September 20, 2017 was C$1.98 per common share, and the closing market price on August 28, 2018 was C$1.31per common share.

(2) The methodology used to calculate the grant-date fair value is based on the Black-Scholes Option Pricing Model. During the year ended December 31, 2018, 497,500 new option-based awards were granted to officers, directors, employees, and consultants. The fair value was estimated using the following weighted-average assumptions: risk-free interest rate of 2.25%, expected dividend yield of 0%, expected option life of 5 years, and expected share price volatility of 60.26%.

(3) The Company does not have any non-equity incentive plans.

(4) The Company does not have any pension plans.

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

(6) All director compensation is paid in Canadian dollars and is converted into US dollars by applying an exchange rate of US$1.00 = C$1.2957, which represents the average exchange rate for the year 2018 as quoted by the Bank of Canada.

(7) Mr. Ross Glanville resigned on June 15, 2018 and Mr. Peter Bojtos was appointed on the same date.

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

Annual Retainer per Director	$	23,154*
Annual Retainer for Board Chair	$	23,154*
Annual Retainer for Audit Committee Chair	$	6,174*
Annual Retainer for Compensation Committee Chair	$	3,859*
Annual Retainer for Governance & Nominating Committee Chair	$	3,859*
Meeting Attendance Fee per Meeting	$	772*

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* All director compensation is paid in Canadian dollars and is converted into US dollars by applying an exchange rate of US$1.00 = C$1.2957, which represents the average exchange rate for the year 2018 as quoted by the Bank of Canada

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

Outstanding share-based awards and option-based awards

The following table sets forth the options and RSUs granted to the directors to purchase or acquire securities of the Company outstanding at December 31, 2018:

	Option-based Awards				Share-based Awards			
Name [1]	Number of securities underlying unexercised options (#)	Option exercise price (C$)	Option expiration date	Value of unexercised in-the-money options ($)[2][4]	Share grant date	Number of shares or units of shares that have not vested (#)[3]	Market or payout value of share-based awards that have not vested ($)[3][4]	Market or payout value of share-based awards not paid out or distributed ($)[3][4]
Michael Baybak	75,000	$ 1.90	Sept 19, 2019	Nil	Sept 2, 2016	16,667	37,947	Nil
	75,000	$ 2.95	Sept 2, 2021	Nil	Sept 20, 2017	3,333	5,093	Nil
	100,000	$ 1.98	Sept 20, 2022	Nil	Aug 28, 2018	21,000	21,232	Nil
	20,000	$ 1.30	Aug. 28, 2018	Nil		-	-	-
Gary Robertson	75,000	$ 1.90	Sept 19, 2019	Nil	Sept 2, 2016	25,000	56,919	Nil
	100,000	$ 2.95	Sept 2, 2021	Nil	Sept 20, 2017	6,667	10,188	Nil
	150,000	$ 1.98	Sept 20, 2022	Nil	Aug 28, 2018	75,000	75,828	Nil
Jasman Yee	75,000	$ 1.90	Sept 19, 2019	Nil	Sept 2, 2016	25,000	56,919	Nil
	50,000	$ 2.95	Sept 2, 2021	Nil	Sept 20, 2017	5,000	7,641	Nil
	125,000	$ 1.98	Sept 20, 2022	Nil	Aug 28, 2018	51,000	51,563	Nil
Ross Glanville[5]	75,000	$ 1.90	Sept 19, 2019	Nil	Sept 2, 2016	Nil	Nil	Nil
	75,000	$ 2.95	Sept 2, 2021	Nil	Sept 20, 2017	Nil	Nil	Nil
	100,000	$ 1.98	Sept 20, 2022	Nil	Aug 28, 2018	Nil	Nil	Nil
Peter Bojtos [5]	50,000	$ 1.30	Aug. 28, 2018	Nil	Aug 28, 2018	21,000	21,232	Nil

(1) For the compensation of David Wolfin, the named executive officer of the Company, see "Incentive Plan Awards" above.

(2) The in-the-money option value is the difference between the market value of the underlying securities as at December 31, 2018 and the exercise price of the option. The closing market price of the Company's common shares as at December 31, 2018 was C$0.84 per common share.

(3) Share Based Awards are in the form of RSUs under two separate Plans. The 2016 RSU Plan was a fixed plan approved by the shareholders on May 27, 2016 which allowed for a total of 870,560 RSUs to be granted to officers, directors, employees and consultants. As of December 31, 2018, a total of 870,500 RSUs were granted and 506,045 were vested. The second RSU Plan (the "2018 RSU Plan") was approved by the shareholders on May 24, 2018, and the maximum number of RSU shares issuable under this Plan shall not, together with all other security-based compensation arrangements of the Corporation exceed 10% of the issued and outstanding Common Shares as at the date of such Grant on a non-diluted basis. As of December 31, 2018, 1,081,500 RSUs were granted under the 2018 RSU Plan to officers, directors, employees and consultants and none of these RSUs were vested. The value of the RSUs is based on the closing price of the Common Shares on the vesting date. The RSUs will vest one-third annually over three years, and the amount above reflects the accrual for unvested share-based awards issued in the current and previous years, as at December 31, 2018. The closing market price on September 2, 2016 was C$2.95 per common share, the closing market price on September 20, 2017 was C$1.98 per common share, and the closing market price on August 28, 2018 was C$1.31per common share.

(4) The Awards are calculated in Canadian dollars and are converted into US dollars by applying an exchange rate of US$1.00 = C$1.2957 which represents the average exchange rate for the year 2018 as quoted by the Bank of Canada.

(5) Mr. Ross Glanville resigned on June 15, 2018 and Mr. Peter Bojtos was appointed on the same date.

Incentive plan awards – value vested or earned during the year

An "incentive plan" is any plan providing compensation that depends on achieving certain performance goals or similar conditions within a specific period. An "incentive plan award" means compensation awarded, earned, paid or payable under an incentive plan.

The following table sets forth the value vested or earned during the year of option-based awards, share-based awards and non-equity incentive plan compensation paid to directors during the year ended December 31, 2018:

Name [1]	Option-based awards – Value vested during the year ($)[2][4]	Share-based awards – Value vested during the year ($)[3][4]	Non-equity incentive plan compensation – Value earned during the year ($)[4]
Michael Baybak	Nil	17,648	Nil
Gary Robertson	Nil	27,128	Nil
Jasman Yee	Nil	26,472	Nil
Ross Glanville[5]	Nil	27,593	Nil
Peter Bojtos[5]	Nil	Nil	Nil

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(1) For the compensation of David Wolfin, the named executive officer of the Company, see "Incentive Plan Awards" above.
(2) The aggregate dollar value that would have been realized if the options granted during the year had been exercised on the vesting date.
(3) The RSU Vesting prices were C$1.27 and C$1.02, which represents the share price on September 2, 2018 and September 20, 2018, the date in which the RSUs vested.
(4) The Awards are calculated in Canadian dollars and are converted into US dollars by applying an exchange rate of US$1.00 = C$1.2957, which represents the average exchange rate for the year quoted by the Bank of Canada.
(5) Mr. Ross Glanville resigned on June 15, 2018 and Mr. Peter Bojtos was appointed on the same date.

Termination of Employment, Changes in Responsibilities and Employment Contracts

On January 1, 2016, the Company entered into a consulting agreement with Intermark Capital Corporation, a company wholly owned by David Wolfin, the named executive officer of the Company. The consulting agreement was further amended on March 23, 2016. On January 1, 2019, the Company renewed the consulting agreement with Intermark Capital Corporation for a period of three years with the same terms and conditions.

On January 1, 2014, the Company entered into an employment agreement with Malcolm Davidson, the named executive officer of the Company. The employment relationship with Mr. Malcolm Davidson ended on November 21, 2018, and in connection with the ending of his employment, Mr. Davidson received C$135,000 from the Company.

On July 1, 2013, the Company entered into an employment agreement with J.C. Rodríguez, the named executive officer of the Company. The employment agreement was further amended on April 14, 2014.

Please see "*Termination and Change of Control Benefits"* above for details**.**

C. Board practices

The Board is currently comprised of five directors. The size and experience of the Board is important for providing the Company with effective governance in the mining industry. The Board's mandate and responsibilities can be effectively and efficiently administered at its current size. The Board has functioned and is of the view that it can continue to function, independently of management as required. Directors are elected for a term of one year at the annual general meeting. At the Annual General and Special Meeting, held on May 24, 2018, the shareholders elected Messrs. Michael Baybak, Gary Robertson, David Wolfin, Jasman Yee and Ross Glanville as directors of the Company. Ross Glanville resigned on June 15, 2018 and Peter Bojtos was appointed as a Director on the same date.

The Board has considered the relationship of each director to the Company and currently considers three of the five directors to be "unrelated" (Messrs. Baybak, Robertson, and Bojtos). "Unrelated director" means a director who is independent of management and free from any interest and any business or other relationship which could reasonably be perceived to materially interfere with the director's ability to act with a view to the best interest of the Company, other than interests and relationships arising solely from shareholdings.

Procedures are in place to allow the Board to function independently. At the present time, the Board has experienced directors that have made a significant contribution to the Company's success, and is satisfied that it is not constrained in its access to information, in its deliberations or in its ability to satisfy the mandate established by law to supervise the business and affairs of the Company. Committees meet independent of management and other directors.

Mandate of the Board of Directors, its Committees and Management

The role of the Board is to oversee the conduct of the Company's business, including the supervision of management, and determining the Company's strategy. Management is responsible for the Company's day to day operations, including proposing its strategic direction and presenting budgets and business plans to the Board for consideration and approval. The strategic plan takes into account, among other things, the opportunities and risks of the Company's business. Management provides the Board with periodic assessments as to those risks and the implementation of the Company's systems to manage those risks. The Board reviews the personnel needs of the Company from time to time, having particular regard to succession issues relating to senior management. Management is responsible for the training and development of personnel. The Board assesses how effectively the Company communicates with shareholders but has not adopted a formal communications policy. Through the Audit Committee, and in conjunction with its auditors, the Board assesses the adequacy of the Company's internal control and management information systems. The Board looks to management to keep it informed of all significant developments relating to or affecting the Company's operations. Major financings, acquisitions, dispositions and investments are subject to board approval. A formal Code of Ethics ("Code") has been adopted and applies to all directors, officers and employees. The Board meets on at least a quarterly basis and following the annual meeting of shareholders. The frequency of the meetings and nature of the meeting agendas are dependent on the nature of the business and affairs which the Company faces from time to time. During the year ended December 31, 2018, the Board met seven times.

To facilitate the functioning of the Board independently of management, the Audit Committee, Compensation Committee and Governance and Nominating Committee consist of majority independent directors. When appropriate, members of management are not present for the discussion and determination of certain matters at meetings of the Board. The independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance.

The Board and committees may take action at these meetings or at a meeting by conference call or by written consent.

Committees

Audit Committee

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

Audit Committee Charter

1. **Purpose of the Committee**

1.1 The purpose of the Audit Committee is to assist the Board of Directors in its oversight of the integrity of the Company's financial statements and other relevant public disclosures, the Company's compliance with legal and regulatory requirements relating to financial reporting, the external auditors' qualifications and independence and the performance of the internal audit function and the external auditors.

2. **Members of the Audit Committee**

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

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

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

3. Relationship with External Auditors

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

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

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

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

4. Non-Audit Services

4.1 The external auditors are prohibited from providing any non-audit services to the Company, without the express written consent of the Audit Committee. In determining whether the external auditors will be granted permission to provide non-audit services to the Company, the Audit Committee must consider that the benefits to the Company from the provision of such services, outweighs the risk of any compromise to or loss of the independence of the external auditors in carrying out their auditing mandate.

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

(i) acting as an agent of the Company for the sale of all or substantially all of the undertaking of the Company; and

(ii) performing any non-audit consulting work for any director or senior officer of the Company in their personal capacity, but not as a director, officer or insider of any other entity not associated or related to the Company.

5. Appointment of Auditors

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

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

6. Evaluation of Auditors

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

7. Remuneration of the Auditors

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

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

8. Termination of the Auditors

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

9. Funding of Auditing and Consulting Services

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

10. Role and Responsibilities of the Internal Auditor

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

11. Oversight of Internal Controls

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

12. Continuous Disclosure Requirements

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

13. Other Auditing Matters

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

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

14. Annual Review

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

15. Independent Advisers

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

Composition of Audit Committee

As of March 20, 2019, the following are the members of the Audit Committee:

Name	Independent [1]	Financially Literate[2]	Education and Experience
Michael Baybak	Yes	Yes	Marketing and Communications
Gary Robertson	Yes	Yes	Certified Financial Planner and director of several reporting issuers
Peter Bojtos	Yes	Yes	Professional Engineer with over 45 years of worldwide experience in the mining industry

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

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

Relevant Education and Experience

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

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

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

Peter Bojtos: Mr. Bojtos is a professional engineer with over 45 years of worldwide experience in the mining industry. He has an extensive background in corporate management as well as in all facets of the industry from exploration through the feasibility study stage to mine construction, operations and decommissioning. Mr. Bojtos graduated from the University of Leicester, England in 1972, following which he worked at open-pit iron-ore and underground base-metal and uranium mines in West Africa, the United States and Canada. Following that, he worked in Toronto for Kerr Addison Mines Ltd., a Noranda Group company, in increasingly senior management and officer positions for 12 years. From 1990 to 1992 he was the President & CEO of RFC Resource Finance Corp. developing a zinc mine in Washington State. From 1992 to 1993 Mr. Bojtos was the President & CEO of Consolidated Nevada Goldfields Corp. which operated precious metal mines in the United States. From 1993 to 1995 he was Chairman & CEO of Greenstone Resources Ltd, constructing and operating several gold mines in Central America.

Audit Committee Oversight

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

Reliance on Certain Exemptions

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

Pre-Approval Policies and Procedures

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

External Auditor Service Fees

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

FINANCIAL YEAR ENDING	AUDIT FEES	AUDIT RELATED FEES(2)	TAX FEES(3) (1)	ALL OTHER FEES(4)
December 31, 2018(1)	C$233,000	C$10,000	C$0	C$42,525
December 31, 2017	C$228,500	C$10,000	C$0	C$7,500

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(1) Estimated
(2) Travel and expenses
(3) Preparation of corporate tax returns
(4) Procedures and letters related to financings

Compensation Committee

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

The Compensation Committee is currently composed of Peter Bojtos, Gary Robertson, and Michael Baybak, all of whom are independent directors within the meaning set out in NI 58-101. All three members of the Compensation Committee are experienced participants in the business world who have sat on the board of directors of other companies, charities or business associations, in addition to the Board of the Company.

The recommendations of the Compensation Committee are based primarily on a benchmarking analysis which compares the Company's pay levels and compensation practices with other reporting issuers of similar size, and which are active in the industry and/or market in which the Company competes for talent. This analysis provides valuable information that will allow the Company to make adjustments, if necessary, to attract and retain the best individuals to meet the Company's needs and provide value to the Company's shareholders. In formulating its recommendations, the Compensation Committee benchmarked the compensation of the Company's directors and executive officers against companies with similar market capitalization, assets, and revenue including the following companies: Aquila Resources, Belo Sun Mining Corp., Chesapeake Gold Corp, Entrée Resources Ltd., Liberty Gold Corp, Vista Gold Corp. and Alio Gold, and several others.

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

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

The charter of the Compensation Committee is available at the Company's website at www.avino.com.

Governance and Nominating Committee

The Governance and Nominating Committee review/recommend matters to the Board with respect to the governance and nominating matters. In this regard, the purpose of the Governance and Nominating Committee is to:

i. manage the corporate governance system for the Board;

ii. assist the Board to fulfill its duty to meet the applicable legal, regulatory and (self-regulatory) business principles and 'codes of best practice' of corporate behaviour and conduct;

iii. assist in the creation of a corporate culture and environment of integrity and accountability;

iv monitor the quality of the relationship between the Board and management of the Company;

v. review the Chief Executive Officer's succession plan;

vi. recommend to the Board nominees for appointment of the Board;

vii. lead the Board's annual review of the Chief Executive Officer's performance; and

viii. annually review and set an agenda of the Board on an ongoing basis.

The Governance and Nominating Committee currently consists of three directors, Jasman Yee, Michael Baybak, and Peter Bojtos, two of the three directors to be "independent" (Messrs. Bojtos and Baybak).

The charter of the Governance and Nominating Committee is available at the Company's website at www.avino.com.

D. Employees

As at December 31, 2018, the Company had 489 employees and contractors located in Mexico and 22 employees and contractors in Canada. Certain of the Company's senior management as well as administrative and corporate services are located in Canada and are contracted by the Company through their companies or through the Company's cost sharing agreement for overhead and corporate services with Oniva International Services Corp. However, because these people are hired through companies, they are not technically deemed employees of the Company.

As at December 31, 2017, the Company had 510 employees and contractors located in Mexico, and as at December 31, 2016 the Company had 478 employees and contractors located in Mexico.

E. Share ownership

The following table sets forth the share ownership of the individuals referred to in "Compensation" as of March 20, 2019:

Name of Beneficial Owner	Number of Shares	Percent
Michael Baybak	299,700	*
Gary Robertson	502,549	*
David Wolfin	1,455,210	2.25%
Jasman Yee	282,520	*
Peter Bojtos	2,000	*
J.C. Rodríguez	202,500	*
Malcolm Davidson	113,000	*
Nathan Harte	625	*

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* *Less than one percent*

Outstanding Options

The following information, as of March 20, 2019 reflects outstanding options held by the individuals referred to in "Compensation":

	No. of Shares	Date of Grant	Exercise Price*	Expiration Date
David Wolfin	100,000	Sept 19, 2014	$ 1.90	Sept 19, 2019
President, CEO and Director	25,000	Sept 2, 2016	$ 2.95	Sept 2, 2021
	250,000	Sept. 20, 2017	$ 1.98	Sept. 20, 2022
Malcolm Davidson	50,000	Sept 19, 2014	$ 1.90	Sept 19, 2019
Former CFO	50,000	Sept 2, 2016	$ 2.95	Sept 2, 2021
	125,000	Sept 20, 2017	$ 1.98	Sept. 20, 2022
Nathan Harte	25,000	Sept 20, 2017	$ 1.98	Sept. 20, 2022
CFO	50,000	Aug 28, 2018	$ 1.30	Aug 28, 2023
J.C. Rodríguez	50,000	Sept 19, 2014	$ 1.90	Sept 19, 2019
COO	50,000	Sept 2, 2016	$ 2.95	Sept 2, 2021
	125,000	Sept. 20, 2017	$ 1.98	Sept. 20, 2022
Michael Baybak Director	75,000	Sept 19, 2014	$ 1.90	Sept 19, 2019
	75,000	Sept 2, 2016	$ 2.95	Sept 2, 2021
	100,000	Sept. 20, 2017	$ 1.98	Sept. 20, 2022
	20,000	Aug 28, 2018	$ 1.30	Aug 28, 2023
Gary Robertson Director	75,000	Sept 19, 2014	$ 1.90	Sept 19, 2019
	100,000	Sept 2, 2016	$ 2.95	Sept 2, 2021
	150,000	Sept. 20, 2017	$ 1.98	Sept. 20, 2022
Jasman Yee Director	75,000	Sept 9, 2014	$ 1.90	Sept 19, 2019
	50,000	Sept 2, 2016	$ 2.95	Sept 2, 2021
	125,000	Sept. 20, 2017	$ 1.98	Sept. 20, 2022
Peter Bojtos**	50,000	Aug 28, 2018	$ 1.30	Aug 28, 2023

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

** Peter Bojtos was appointed as a Director of the Company on June 15, 2018.

Item 7. Major Shareholders and Related Party Transactions

A. Major shareholders

To the knowledge of the Company, it is not directly or indirectly owned or controlled by any other corporation or by the Canadian Government, or any foreign government, or by any other natural or legal person.

As of March 20, 2019, to the knowledge of the Company, no person owned more than five (5%) percent of the outstanding shares of each class of the Company's voting securities.

As of March 20, 2019, there were •common shares issued and outstanding. Of those common shares issued and outstanding, 34,330,969 common shares were held by 331 registered shareholders whose addresses were in Canada.

B. Related party transactions

All related party transactions are recorded at the exchange amount which is the amount agreed to by the Company and the related party.

i) The Company transacts with companies related to Avino's directors or officers. All amounts payable are non-interest bearing and due on demand. Advances to Oniva International Services Corp. ("Oniva") of $212,000 (December 31, 2017 - $232,000) for expenditures to be incurred on behalf of the Company are included in prepaid expenses and other assets on the consolidated statements of financial position as at December 31, 2018. The following table summarizes the amounts due to related parties:

	December 31, 2018	December 31, 2017
Directors' fees	$ 47,000	$ 42,000
Oniva International Services Corp.	107,000	139,000
Jasman Yee & Associates, Inc.	3,000	6,000
	$ 157,000	$ 187,000

ii) The Company has a cost sharing agreement to reimburse Oniva for its expenses and to pay Oniva a percentage fee. 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 years ended December 31, are summarized below:

	2018	2017	2016
Salaries and benefits	$ 594,000	$ 450,000	$ 297,000
Office and miscellaneous	560,000	567,000	507,000
Exploration and evaluation assets	353,000	352,000	248,000
	$ 1,507,000	$ 1,369,000	$ 1,052,000

iii) For services provided to the Company as President and Chief Executive Officer, the Company pays Intermark Capital Corporation ("ICC"), a company controlled by David Wolfin, for consulting services. For the years ended December 31, 2018, 2017 and 2016, the Company paid $232,000, $231,000, and $504,000 respectively to ICC.

The Company pays Jasman Yee & Associates, Inc. ("JYAI"), a company whose managing director is Jasman Yee, a director of the Company, for operational, managerial, metallurgical, engineering and consulting services related to the Company's activities. For the years ended December 31, 2018, 2017, and 2016, the Company paid $66,000, $80,000, and $140,000, respectively to JYAI.

The Company pays Wear Wolfin Designs Ltd. ("WWD"), a company whose director is the brother-in-law of David Wolfin, President, Chief Executive Officer and a director of the Company, for financial consulting services related to ongoing consultation with stakeholders and license holders. For the years ended December 31, 2018, 2017 and 2016, the Company paid $12,000, $23,000, and $23,000, respectively to WWD.

C. Interests of experts and counsel

Not Applicable.

Item 8. Financial Information

A. Consolidated Statements and Other Financial Information

See ''Item 18. Financial Statements'' for our Annual Audited Consolidated Financial Statements, related notes and other financial information filed with this annual report on Form 20-F.

Dividend Policy

The Company has never paid any dividends and does not intend to in the near future.

B. Significant Changes

Except as otherwise disclosed in this annual report, there have been no material changes in our financial position, operations or cash flows since December 31, 2018.

Item 9. The Offer and Listing

A. Offer and listing details

Our common shares are listed on the NYSE American and the TSX under the symbol ASM. The Company graduated from the TSX-V on January 8, 2018. The following sets forth the high and low prices expressed in U.S. Dollars on the NYSE American and in Canadian Dollars on the TSX and TSX-V for each quarter for the past two fiscal years:

	NYSE-AMERICAN (United States Dollars)		TSX and TSX-V (Canadian Dollars)	
	High	**Low**	**High**	**Low**
For the Quarter Ended				
December 31, 2018	0.73	0.50	0.95	0.65
September 30, 2018	1.31	0.56	1.74	0.74
June 30, 2018	1.55	1.20	1.95	1.59
March 31, 2018	1.61	1.21	1.99	1.54

For the Quarter Ended	**High**	**Low**	**High**	**Low**
December 31, 2017	1.62	1.14	2.04	1.44
September 30, 2017	1.89	1.41	2.35	1.85
June 30, 2017	1.90	1.39	2.53	1.85
March 31, 2017	2.13	1.32	2.80	1.75

B. Plan of distribution

Not Applicable.

C. Markets

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

D. Selling shareholders

Not Applicable.

E. Dilution

Not Applicable.

F. Expenses of the issue

Not Applicable.

Item 10. Additional Information

A. Share capital

Not Applicable.

B. Memorandum and articles of association

Common Shares

All issued and outstanding common shares are fully paid and non-assessable. Each holder of record of common shares is entitled to one vote for each common share so held on all matters requiring a vote of shareholders, including the election of directors. The holders of common shares will be entitled to dividends on a pro-rata basis, if and when as declared by the board of directors. There are no preferences, conversion rights, pre-emptive rights, subscription rights, or restrictions or transfers attached to the common shares. In the event of liquidation, dissolution, or winding up of the Company, the holders of common shares are entitled to participate in the assets of the Company available for distribution after satisfaction of the claims of creditors. The Company is authorized to issue an unlimited number of common shares.

Take Over Bid Regulations

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

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

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

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

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

Powers and Duties of Directors

The directors shall manage or supervise the management of the affairs and business of the Company and shall have authority to exercise all such powers of the Company as are not, by the British Columbia Business Corporations Act or by the Memorandum or the Articles, required to be exercised by the Company in a general meeting.

Directors will serve as such until the next annual meeting. In general, a director who is, in any way, directly or indirectly interested in an existing or proposed contract or transaction with the Company whereby a duty or interest might be created to conflict with his duty or interest as a director, shall declare the nature and extent of his interest in such contract or transaction or the conflict or potential conflict with his duty and interest as a director. Such director shall not vote in respect of any such contract or transaction with the Company in which he is interested and if he shall do so, his vote shall not be counted, but he shall be counted in the quorum present at the meeting at which such vote is taken. However, notwithstanding the foregoing, directors shall have the right to vote on determining the remuneration of the directors.

The directors may from time to time on behalf of the Company: (a) borrow money in such manner and amount from such sources and upon such terms and conditions as they think fit; (b) issue bonds, debentures and other debt obligations; and (c) mortgage, charge or give other security on the whole or any part of the property and assets of the Company.

The directors of the Company must be persons of the full age of 18 years. There is no minimum share ownership to be a Director. No person shall be a director of the Company who is not capable of managing their own affairs; is an undischarged bankrupt; convicted of an offense in connection with the promotion, formation or management of a corporation or involved in fraud within the last five years; or a person that has had a registration in any capacity under the British Columbia Securities Act or the British Columbia Mortgage Brokers Act cancelled within the last five years.

Shareholders

An annual general meeting shall be held once in every calendar year at such time and place as may be determined by the directors. A quorum at an annual general meeting and special meeting shall be two shareholders or one or more proxy holders representing two shareholders, or one shareholder and a proxy holder representing another shareholder. There is no limitation imposed by the laws of Canada or by the charter or other constituent documents of the Company on the right of a non-resident to hold or vote the common shares, other than as provided in the Investment Canada Act, referred to as the "Investment Act", discussed below under "Item 10. Additional Information, D. Exchange Controls"

In accordance with British Columbia law, directors shall be elected by an "ordinary resolution" which means: (a) a resolution passed by the shareholders of the Company at a general meeting by a simple majority of the votes cast in person or by proxy; or (b) a resolution that has been submitted to the shareholders of the Company who would have been entitled to vote on it in person or by proxy at a general meeting of the Company and that has been consented to in writing by such shareholders of the Company holding shares carrying not less than the requisite majority of the votes entitled to be cast on it.

Under British Columbia law certain items such as an amendment to the Company's articles or entering into a merger requires approval by a special resolution which means: (a) a resolution passed by a majority of not less than the requisite majority of the votes cast by the shareholders of the Company who, being entitled to do so, vote in person or by proxy at a general meeting of the company; or (b) a resolution consented to in writing by every shareholder of the Company who would have been entitled to vote in person or by proxy at a general meeting of the Company, and a resolution so consented to is deemed to be a special resolution passed at a general meeting of the Company.

C. Material contracts

1. Agency Agreement dated April 27, 2018 with Cantor Fitzgerald Canada Corporation re Best Effort Equity Offering of 2,500,000 Flow Through Common Shares of Avino;
2. Amended and Restated Controlled Equity Offering Sales Agreement dated August 21, 2018 with Cantor Fitzgerald & Co;
3. Underwriting Agreement dated September 21, 2018 with H. C. Wainwright & Co., LLC; and
4. Amendment Agreement dated November 27, 2018 rescheduling the repayment schedule to concentrates Prepayment Agreement dated July 8, 2015 with Samsung.

D. Exchange controls

Canada has no system of exchange controls. There are no Canadian restrictions on the repatriation of capital or earnings of a Canadian public company to non-resident investors. There are no laws in Canada or exchange restrictions affecting the remittance of dividends, profits, interest, royalties and other payments to non-resident holders of the Issuer's securities, except as discussed below under "Item 10. Additional Information, E. Taxation."

There are no limitations under the laws of Canada or in the organizing documents of the Company on the right of foreigners to hold or vote securities of the Company, except that the Investment Canada Act may require review and approval by the Minister of Industry (Canada) of certain acquisitions of "control" of the Company by a "non-Canadian". The threshold for acquisitions of control is generally defined as being one-third or more of the voting shares of the Company. "Non-Canadian" generally means an individual who is not a Canadian citizen, or a corporation, partnership, trust or joint venture that is ultimately controlled by non-Canadians.

E. Taxation

Canadian Federal Income Tax Consequences

The following summarizes the principal Canadian federal income tax consequences applicable to the holding and disposition of common shares in the capital of the Company by a United States resident, and who holds common shares solely as capital property, referred to as a "U.S. Holder". This summary is based on the current provisions of the Income Tax Act (Canada), referred to as the "Tax Act", the regulations thereunder, all amendments thereto publicly proposed by the government of Canada, the published administrative practices of Revenue Canada, Customs, Excise and Taxation, and the current provisions of the Canada-United States Income Tax Convention, 1980, as amended, referred to as the "Treaty". Except as otherwise expressly provided, this summary does not take into account any provincial, territorial or foreign (including without limitation, any United States) tax law or treaty. It has been assumed that all currently proposed amendments will be enacted substantially as proposed and that there is no other relevant change in any governing law or practice, although no assurance can be given in these respects.

Each U.S. Holder is advised to obtain tax and legal advice applicable to such U.S. Holder's particular circumstances.

Every U.S. Holder is liable to pay a Canadian withholding tax on every dividend that is or is deemed to be paid or credited to the U.S. Holder on the U.S. Holder's common shares. The statutory rate of withholding tax is 25% of the gross amount of the dividend paid. The Treaty reduces the statutory rate with respect to dividends paid to a U.S. Holder for the purposes of the Treaty. Where applicable, the general rate of withholding tax under the Treaty is 15% of the gross amount of the dividend. The Company is required to withhold the applicable tax from the dividend payable to the U.S. Holder, and to remit the tax to the Receiver General of Canada for the account of the U.S. Holder.

Pursuant to the Tax Act, a U.S. Holder will not be subject to Canadian capital gains tax on any capital gain realized on an actual or deemed disposition of a common share, including a deemed disposition on death, provided that the U.S. Holder did not hold the common share as capital property used in carrying on a business in Canada, and that neither the U.S. Holder nor persons with whom the U.S. Holder did not deal at arms-length (alone or together) owned or had the right or an option to acquire 25% or more of the issued shares of any class of the Company at any time in the five years immediately preceding the disposition.

United States Federal Income Tax Consequences

The following is a general summary of certain material U.S. federal income tax considerations applicable to a U.S. Holder (as defined below) arising from the ownership and disposition of the common shares. This summary applies only to U.S. Holders who hold common shares as capital assets (generally, property held for investment).

This summary is for general information purposes only and does not purport to be a complete analysis or listing of all potential U.S. federal income tax considerations that may apply to a U.S. Holder as a result of the ownership and disposition of common shares. In addition, this summary does not take into account the individual facts and circumstances of any particular U.S. Holder that may affect the U.S. federal income tax consequences to such U.S. Holder, including specific tax consequences to a U.S. Holder under an applicable tax treaty. Accordingly, this summary is not intended to be, and should not be construed as, legal or U.S. federal income tax advice with respect to any particular U.S. Holder. In addition, this summary does not address the U.S. federal alternative minimum, U.S. federal estate and gift, U.S. Medicare contribution, U.S. state and local, or non-U.S. tax consequences of the acquisition, ownership or disposition of common shares. Except as specifically set forth below, this summary does not discuss applicable tax reporting requirements. Each U.S. Holder should consult its own tax advisor regarding all U.S. federal, U.S. state and local and non-U.S. tax consequences of the ownership and disposition of common shares.

No opinion from U.S. legal counsel or ruling from the Internal Revenue Service (the "IRS") has been requested, or will be obtained, regarding the U.S. federal income tax consequences of the ownership or disposition of common shares. This summary is not binding on the IRS, and the IRS is not precluded from taking a position that is different from, and contrary to, any position taken in this summary. In addition, because the authorities upon which this summary is based are subject to various interpretations, the IRS and the U.S. courts could disagree with one or more of the positions taken in this summary.

Scope of This Disclosure

Authorities This summary is based on the Internal Revenue Code of 1986, as amended (the "Code"), Treasury Regulations (whether final, temporary, or proposed), published rulings of the IRS, published administrative positions of the IRS, the Convention Between Canada and the United States of America with Respect to Taxes on Income and on Capital, signed September 26, 1980, as amended (the "Canada-U.S. Tax Convention"), and U.S. court decisions that are applicable and, in each case, as in effect and available, as of the date hereof. Any of the authorities on which this summary is based could be changed in a material and adverse manner at any time, and any such change could be applied on a retroactive or prospective basis which could affect the U.S. federal income tax considerations described in this summary. This summary does not discuss the potential effects, whether adverse or beneficial, of any proposed legislation that, if enacted, could be applied on a retroactive or prospective basis.

U.S. Holders. For purposes of this summary, the term "U.S. Holder" means a beneficial owner of common shares that is for U.S. federal income tax purposes:

- An individual who is a citizen or resident of the U.S.;
- A corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the U.S., any state thereof or the District of Columbia;
- An estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- A trust that (a) is subject to the primary supervision of a court within the U.S. and the control of one or more U.S. persons for all substantial decisions or (b) has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

Non-U.S. Holders. For purposes of this summary, a "non-U.S. Holder" is a beneficial owner of common shares that is not a partnership (or other "pass-through" entity) for U.S. federal income tax purposes and is not a U.S. Holder. This summary does not address the U.S. federal income tax considerations applicable to non-U.S. Holders arising from the ownership or disposition of common shares.

Accordingly, a non-U.S. Holder should consult its own tax advisor regarding all U.S. federal, U.S. state and local, and non-U.S. tax consequences (including the potential application of and operation of any income tax treaties) relating to the purchase of the common shares pursuant to the Offering and the ownership or disposition of common shares.

U.S. Holders Subject to Special U.S. Federal Income Tax Rules Not Addressed

This summary does not address the U.S. federal income tax considerations of ownership or disposition of common shares by U.S. Holders that are subject to special provisions under the Code, including, but not limited to, the following: (a) tax-exempt organizations, qualified retirement plans, individual retirement accounts, or other tax-deferred accounts; (b) financial institutions, underwriters, insurance companies, real estate investment trusts, or regulated investment companies; (c) broker-dealers, dealers, or traders in securities or currencies that elect to apply a "mark-to-market" accounting method; (d) U.S. Holders that have a "functional currency" other than the U.S. dollar; (e) U.S. Holders that own common shares as part of a straddle, hedging transaction, conversion transaction, constructive sale, or other arrangement involving more than one position; (f) U.S. Holders that acquire common shares in connection with the exercise of employee stock options or otherwise as compensation for services; (g) U.S. Holders that hold common shares other than as a capital asset within the meaning of Section 1221 of the Code (generally, property held for investment purposes); (h) U.S. Holders that own directly, indirectly, or by attribution, 10% or more, by voting power or value, of the outstanding stock of the Company; and (i) U.S. Holders subject to Section 451(b) of the Code. This summary also does not address the U.S. federal income tax considerations applicable to U.S. Holders who are: (a) U.S. expatriates or former long-term residents of the U.S.; (b) persons that have been, are, or will be a resident or deemed to be a resident in Canada for purposes of the Tax Act; (c) persons that use or hold, will use or hold, or that are or will be deemed to use or hold common shares in connection with carrying on a business in Canada; (d) persons whose common shares constitute "taxable Canadian property" under the Tax Act; or (e) persons that have a permanent establishment in Canada for purposes of the Canada-U.S. Tax Convention. U.S. Holders that are subject to special provisions under the Code, including U.S. Holders described immediately above, should consult their own tax advisors regarding all U.S. federal, U.S. state and local, and non-U.S. tax consequences (including the potential application and operation of any income tax treaties) relating to the acquisition, ownership, or disposition of common shares.

If an entity or arrangement that is classified as a partnership (or other "pass-through" entity) for U.S. federal income tax purposes holds common shares, the U.S. federal income tax consequences to such partnership and the partners (or other owners) of such partnership of the ownership, or disposition of the common shares generally will depend on the activities of the partnership and the status of such partners (or other owners). This summary does not address the U.S. federal income tax consequences for any such partner or partnership (or other "pass-through" entity or its owners). Owners of entities and arrangements that are classified as partnerships (or other "pass-through" entities) for U.S. federal income tax purposes should consult their own tax advisors regarding the U.S. federal income tax consequences of the ownership or disposition of common shares.

Sale or Other Taxable Disposition of Common Shares

Subject to the PFIC rules discussed below, upon the sale or other taxable disposition of common shares, a U.S. Holder generally will recognize a capital gain or loss in an amount equal to the difference between the amount of cash plus the fair market value of any property received and such U.S. Holder's tax basis in the common shares sold or otherwise disposed of. Such capital gain or loss will generally be a long-term capital gain or loss if, at the time of the sale or other taxable disposition, the U.S. Holder's holding period for the common shares is more than one year. Preferential tax rates apply to long-term capital gains of non-corporate U.S. Holders. Deductions for capital losses are subject to significant limitations under the Code. A U.S. Holder's tax basis in common shares generally will be such U.S. Holder's U.S. dollar cost for such common shares.

PFIC Status of the Company

Because the Company is producing revenue from its mining operations, the Company does not believe that it was classified as a PFIC for its taxable year ended December 31, 2018. However, the Company has not performed an analysis of whether or not it will be deemed a PFIC for its current taxable year. If the Company is or becomes a PFIC, the foregoing description of the U.S. federal income tax consequences to U.S. Holders of the acquisition, ownership and disposition of Common Shares will be different. The U.S. federal income tax consequences of owning and disposing of common shares if the Company is or becomes a PFIC are described below under the heading "Tax Consequences if the Company is a PFIC."

A non-U.S. corporation is a PFIC for each tax year in which (i) 75% or more of its gross income is passive income (as defined for U.S. federal income tax purposes) (the "income test") or (ii) 50% or more (by value) of its assets (based on an average of the quarterly values of the assets during such tax year) either produce or are held for the production of passive income (the "asset test"). For purposes of the PFIC provisions, "gross income" generally includes sales revenues less cost of goods sold, plus income from investments and from incidental or other operations or sources, and "passive income" generally includes dividends, interest, certain rents and royalties, certain gains from commodities or securities transactions and the excess of gains over losses from the disposition of certain assets which product passive income. If a non-U.S. corporation owns at least 25% (by value) of the stock of another corporation, the non-U.S. corporation is treated, for purposes of the income test and asset test, as owning its proportionate share of the assets of the other corporation and as receiving directly its proportionate share of the other corporation's income.

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

The Company does not believe that it was classified as a PFIC for its taxable year ended December 31, 2018, but has not made a determination as to whether it will or will not be a PFIC in the current tax year or in subsequent tax years. The determination of PFIC status is inherently factual, is subject to a number of uncertainties, and can be determined only annually at the close of the tax year in question. Additionally, the analysis depends, in part, on the application of complex U.S. federal income tax rules, which are subject to differing interpretations. There can be no assurance that the Company will or will not be determined to be a PFIC for the current tax year or any prior or future tax year, and no opinion of legal counsel or ruling from the IRS concerning the status of the Company as a PFIC has been obtained or will be requested. U.S. Holders should consult their own U.S. tax advisors regarding the PFIC status of the Company.

Tax Consequences if the Company is a PFIC

If the Company is a PFIC for any tax year during which a U.S. Holder holds common shares, special rules may increase such U.S. Holder's U.S. federal income tax liability with respect to the ownership and disposition of such common shares. If the Company is a PFIC for any tax year during which a U.S. Holder owns common shares, the Company will be treated as a PFIC with respect to such U.S. Holder for that tax year and for all subsequent tax years, regardless of whether the Company meets the income test or the asset test for such subsequent tax years, unless the U.S. Holder makes a "deemed sale" election with respect to the common shares. If the election is made, the U.S. Holder will be deemed to sell the common shares it holds at their fair market value on the last day of the last taxable year in which we qualified as a PFIC, and any gain recognized from such deemed sale would be taxed under the PFIC excess distribution regime. After the deemed sale election, the U.S. Holder's common shares would not be treated as shares of a PFIC unless the Company subsequently becomes a PFIC. U.S. Holders should consult their own U.S. tax advisors regarding the availability and desirability of a deemed sale election.

Under the default PFIC rules:

- Any gain realized on the sale or other disposition (including dispositions and certain other events that would not otherwise be treated as taxable events) of common shares (including an indirect disposition of the stock of any Subsidiary PFIC) and any "excess distribution" (defined as a distribution to the extent it (together with all other distributions received in the relevant tax year) exceeds 125% of the average annual distribution received during the shorter of the preceding three years or the U.S. Holder's holding period for the common shares) received on common shares or with respect to the stock of a Subsidiary PFIC will be allocated ratably to each day of such U.S. Holder's holding period for the common shares;

- The amount allocated to the current tax year and any year prior to the first year in which the Company was a PFIC will be taxed as ordinary income in the current year;

- The amount allocated to each of the other tax years (the "Prior PFIC Years") will be subject to tax at the highest ordinary income tax rate in effect for the applicable class of taxpayer for that year; and

- An interest charge will be imposed with respect to the resulting tax attributable to each Prior PFIC Year.

A U.S. Holder that makes a timely and effective "mark-to-market" election under Section 1296 of the Code (a "Mark-to-Market Election") or a timely and effective election to treat the Company and each Subsidiary PFIC as a "qualified electing fund" (a "QEF") under Section 1295 of the Code (a "QEF Election") may generally mitigate or avoid the default PFIC rules described above with respect to common shares U.S. Holders should be aware that there can be no assurance that the Company has satisfied or will satisfy the recordkeeping requirements that apply to a QEF or that the Company has supplied or will supply U.S. Holders with information such U.S. Holders require to report under the QEF rules in the event that the Company is a PFIC for any tax year.

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

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

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

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

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

Foreign Tax Credit

A U.S. Holder that pays (whether directly or through withholding) Canadian income tax in connection with the ownership or disposition of common shares may (under certain circumstances) be entitled to receive either a deduction or a credit for such Canadian income tax paid generally at the election of such U.S. Holder. Generally, a credit will reduce a U.S. Holder's U.S. federal income tax liability on a dollar-for-dollar basis, whereas a deduction will reduce a U.S. Holder's income subject to U.S. federal income tax. This election is made on a year-by-year basis and applies to all creditable foreign taxes paid (whether directly or through withholding) by a U.S. Holder during a year.

Complex limitations apply to the foreign tax credit, including the general limitation that the credit cannot exceed the proportionate share of a U.S. Holder's U.S. federal income tax liability that such U.S. Holder's "foreign source" taxable income bears to such U.S. Holder's worldwide taxable income. In applying this limitation, a U.S. Holder's various items of income and deduction must be classified, under complex rules, as either "foreign source" or "U.S. source." Generally, dividends paid by a non-U.S. corporation should be treated as foreign source for this purpose, and gains recognized on the sale of securities of a non-U.S. corporation by a U.S. Holder should be treated as U.S. source for this purpose, except as otherwise provided in an applicable income tax treaty and if an election is properly made under the Code. However, the amount of a distribution with respect to the common shares that is treated as a "dividend" may be lower for U.S. federal income tax purposes than it is for Canadian federal income tax purposes, resulting in a reduced foreign tax credit allowance to a U.S. Holder. In addition, this limitation is calculated separately with respect to specific categories of income. The foreign tax credit rules are complex, and each U.S. Holder should consult its own U.S. tax advisor regarding the foreign tax credit rules.

Special rules apply to the amount of foreign tax credit that a U.S. Holder may claim on a distribution, including a constructive distribution, from a PFIC. Subject to such special rules, non-U.S. taxes paid with respect to any distribution in respect of stock in a PFIC are generally eligible for the foreign tax credit. The rules relating to distributions by a PFIC and their eligibility for the foreign tax credit are complicated, and a U.S. Holder should consult its own tax advisor regarding their application to the U.S. Holder.

Receipt of Foreign Currency

The amount of any distribution or proceeds paid in Canadian dollars to a U.S. Holder in connection with the ownership of common shares, or on the sale or other taxable disposition of common shares will be included in the gross income of a U.S. Holder as translated into U.S. dollars calculated by reference to the exchange rate prevailing on the date of actual or constructive receipt of the payment, regardless of whether the Canadian dollars are converted into U.S. dollars at that time. If the Canadian dollars received are not converted into U.S. dollars on the date of receipt, a U.S. Holder will have a basis in the Canadian dollars equal to their U.S. dollar value on the date of receipt. Any U.S. Holder who receives payment in Canadian dollars and engages in a subsequent conversion or other disposition of the Canadian dollars may have a foreign currency exchange gain or loss that would generally be treated as ordinary income or loss, and generally will be U.S. source income or loss for foreign tax credit purposes. Different rules apply to U.S. Holders who use the accrual method with respect to foreign currency.

Each U.S. Holder should consult its own U.S. tax advisor regarding the U.S. federal income tax consequences of receiving, owning, and disposing of Canadian dollars.

Information Reporting; Backup Withholding

Under U.S. federal income tax law, certain categories of U.S. Holders must file information returns with respect to their investment in, or involvement in, a non-U.S. corporation. For example, U.S. return disclosure obligations (and related penalties) are imposed on individuals who are U.S. Holders that hold certain specified foreign financial assets in excess of certain threshold amounts. The definition of "specified foreign financial assets" includes not only financial accounts maintained in non-U.S. financial institutions, but also, if held for investment and not in an account maintained by certain financial institutions, any stock or security issued by a non-U.S. person, any financial instrument or contract that has an issuer or counterparty other than a U.S. person and any interest in a non-U.S. entity. A U.S. Holder may be subject to these reporting requirements unless such U.S. Holder's common shares are held in an account at certain financial institutions. Penalties for failure to file certain of these information returns are substantial. U.S. Holders should consult with their own tax advisors regarding the requirements of filing information returns on IRS Form 8938, and, if applicable, filing obligations relating to the PFIC rules, including possible reporting on an IRS Form 8621.

Payments made within the U.S. or by a U.S. payor or U.S. middleman of (a) distributions on the common shares, and (b) proceeds arising from the sale or other taxable disposition of common shares generally will be subject to information reporting. In addition, backup withholding, currently at a rate of 24%, may apply to such payments if a U.S. Holder (a) fails to furnish such U.S. Holder's correct U.S. taxpayer identification number (generally on IRS Form W-9), (b) furnishes an incorrect U.S. taxpayer identification number, (c) is notified by the IRS that such U.S. Holder has previously failed to properly report items subject to backup withholding, or (d) fails to certify, under penalty of perjury, that such U.S. Holder has furnished its correct U.S. taxpayer identification number and that the IRS has not notified such U.S. Holder that it is subject to backup withholding. Certain exempt persons generally are excluded from these information reporting and backup withholding rules. Backup withholding is not an additional tax. Any amounts withheld under the U.S. backup withholding rules will be allowed as a credit against a U.S. Holder's U.S. federal income tax liability, if any, or will be refunded, if such U.S. Holder furnishes required information to the IRS in a timely manner. The information reporting and backup withholding rules may apply even if, under the Canada-U.S. Tax Convention, payments are eligible for a reduced withholding rate.

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

The Effect Of Comprehensive U.S. Tax Reform Legislation On The Company, Whether Adverse Or Favorable, Is Uncertain.

On December 22, 2017, President Trump signed into law H.R. 1, "An Act to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018" (informally titled the "Tax Cuts and Jobs Act"). Among a number of significant changes to the U.S. federal income tax rules, the Tax Cuts and Jobs Act reduces the marginal U.S. corporate income tax rate from 35% to 21%, limits the deduction for net interest expense, shifts the United States toward a more territorial tax system, and imposes new taxes to combat erosion of the U.S. federal income tax base. The effect of the Tax Cuts and Jobs Act on the Company and its subsidiaries, whether adverse or favorable, is uncertain, and may not become evident for some period of time. Each U.S. Holder is urged to consult its own tax adviser regarding the implications of the Tax Cuts and Jobs Act of holding of our common shares.

THE ABOVE SUMMARY IS NOT INTENDED TO CONSTITUTE A COMPLETE ANALYSIS OF ALL U.S. TAX CONSIDERATIONS APPLICABLE TO U.S. HOLDERS WITH RESPECT TO THE OWNERSHIP, EXERCISE OR DISPOSITION OF COMMON SHARES. U.S. HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX CONSIDERATIONS APPLICABLE TO THEM IN THEIR PARTICULAR CIRCUMSTANCES.

F. Dividends and paying agents

Not Applicable.

G. Statement by experts

Not Applicable.

H. Documents on display

The Company files annual reports and furnishes other information with the SEC via Edgar. You may read and copy any document that we file at the SEC's Public Reference Room at 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549 or by accessing the Commission's website (http://www.sec.gov). The Company also files its annual reports and other information with the Canadian Securities Administrators via SEDAR (www.sedar.com).

Our principal executive office is located at Suite 900, 570 Granville Street, Vancouver, British Columbia V6C 3P1, Canada. Our telephone number is (604) 682-3701. Our website is located at www.avino.com. Information contained on, or that can be accessed through, our website is not part of this Annual Report.

I. Subsidiary information

Discussion regarding our subsidiaries is contained in Item 4.B., Information on the Company; Business Overview.

Item 11. Quantitative and Qualitative Disclosures about Market Risk

The Audit Committee of our board of directors regularly reviews foreign exchange and interest rates. Our policy prohibits the use of financial instruments for speculative purposes. See Note 24, Financial Instruments, in our annual audited consolidated Financial Statements contained in this annual report on Form 20-F for quantitative and qualitative disclosure of market risk.

Item 12. Description of Securities Other than Equity Securities

None.

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies

None.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

None

Item 15. Controls and Procedures

Disclosure Controls and Procedures

As required by paragraph (b) of Rules 13a-15 or 15d-15 under the Exchange Act, our principal executive officer and principal financial officer evaluated our Company's disclosure controls and procedures (as defined in rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of the end of the period covered by this annual report on Form 20-F. Based on the evaluation, these officers concluded that as of the end of the period covered by this Annual Report on Form 20-F, our disclosure controls and procedures were effective to ensure that the information required to be disclosed by our Company in reports it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time period specified in the rules and forms of the Securities and Exchange Commission. These disclosure controls and procedures include controls and procedures designed to ensure that such information is accumulated and communicated to our Company's management, including our Company's principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure.

Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, if any, within our company have been detected.

Management's Report on Internal Controls over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) for our Company. Our Company's internal control over financial reporting is designed to provide reasonable assurance, not absolute assurance, regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards. Internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our Company's assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with International Financial Reporting Standards, and that our Company's receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on our financial statements.

For the purposes of Exchange Act Rules 13a-15(e), 13a-15(f), 15d-15(e), and 15d-15(f), management, including our principal executive officer and principal financial officer, conducted an evaluation of the design and operation of our internal controls over financial reporting as of December 31, 2018, based on the criteria set forth in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. This evaluation included review of the documentation of controls, evaluation of the design effectiveness of controls, testing of the operating effectiveness of controls and a conclusion on this evaluation. Based on this evaluation, our management concluded our internal controls over financial reporting were effective as at December 31, 2018.

This Annual Report does not include an attestation report of the Company's independent registered public accounting firm regarding internal control over financial reporting. Because the Company is an Emerging Growth company, the Company has elected to defer its Section 404(b) requirements and the Company's management's report was not subject to attestation by the Company's independent registered public accounting firm pursuant to the rules of the Securities and Exchange Commission that permit us to provide only management's report in this annual report.

Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, if any, within our company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake.

Changes in Internal Controls over Financial Reporting

Based on the evaluation as at December 31, 2018, management, including our principal executive officer and principal financial officer, have concluded that there were no material changes in the design of internal controls from the last annual reporting date of December 31, 2017.

Item 16A. Audit Committee Financial Expert

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

Item 16B. Code of Ethics

The Company has adopted a Code of Ethics that applies to all directors, officers, consultants and employees of the Company.

This Code of Ethics covers a wide range of financial and non-financial business practices and procedures. This Code of Ethics does not cover every issue that may arise, but it sets out basic principles to guide all executive and staff of the Company. If a law or regulation conflicts with a policy in this Code of Ethics, then personnel must comply with such law or regulation. If any person has any questions about this Code of Ethics or potential conflicts with a law or regulation, they should refer to the Company's Whistleblower Policy.

All executive and staff should recognize that they hold an important role in the overall corporate governance and ethical standards of the Company. Each person is capable and empowered to ensure that the Company's, its shareholders' and other stakeholders' interests are appropriately balanced, protected and preserved. Accordingly, the Code of Ethics provides principles to which all personnel are expected to adhere and advocate. The Code of Ethics embodies rules regarding individual and peer responsibilities, as well as responsibilities to the Company, the shareholders, other stakeholders, and the public generally.

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

Item 16C. Principal Accountant Fees and Services

The Company's independent registered public accounting firm for the years ended December 31, 2018 and 2017 was Manning Elliott LLP, Chartered Professional Accountants.

Audit Fees

The aggregate fees billed by Manning Elliott LLP for professional services rendered for the audit of the annual financial statements or services that are normally provided in connection with statutory and regulatory filings or engagements for the Company's years ended December 31, 2018 and 2017, were C$233,000 and C$228,500, respectively.

Audit-Related Fees

The audit-related fees billed by Manning Elliott LLP for assurance and related services that are reasonably related to the performance of the audit or review for the Company's years ended December 31, 2018 and 2017, were C$10,000 and C$10,000, respectively, and consisted of travel and expenses.

Tax Fees

The tax fees billed by Manning Elliott LLP for the Company's years ended December 31, 2018 and 2017, were Nil.

All Other Fees

The aggregate fees billed by Manning Elliott LLP for services other than the services reported above for the Company's years ended December 31, 2018 and 2017, were C$42,525 and C$7,500, respectively, and consisted of fees related to the Company's securities registration documents.

The Audit Committee approved 100% of the fees paid to the principal accountant for audit-related, tax and other fees in the fiscal years 2018 and 2017. The Audit Committee pre-approves all non-audit services to be performed by the auditor in accordance with the Audit Committee Charter.

There were no hours expended on the principal accountant's engagement to audit the Company's financial statements for the most recent fiscal year that were attributed to work performed by persons other than the principal accountant's full-time, permanent employees.

Item 16D. Exemptions from the Listing Standards for Audit Committees

Not applicable.

Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None.

Item 16F. Changes in Registrant's Certifying Accountant

Not applicable.

Item 16G. Corporate Governance

The Company's common shares are listed on the NYSE American. The Company does not believe that its corporate governance practices differ from those followed by domestic companies under the listing standards of the NYSE American.

Item 16H. Mine Safety Disclosure

Under Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and pursuant to this Item 16H, each operator of a coal or other mine is required to include disclosures regarding certain mine safety results in its periodic reports filed with the SEC. We do not own or operate any mines in the United States and, as a result, this information is not required.

PART III

Item 17. Financial Statements

Not applicable.

Item 18. Financial Statements

The following financial statements pertaining to the Company are filed as part of this Annual Report:

Item 19. Exhibits

Exhibit Number	Exhibit
1.1	Memorandum of Avino Silver & Gold Mines Ltd.*
1.2	Articles of Avino Silver & Gold Mines Ltd.*
4.1	Minerales de Avino SA de CV Agreement dated February 18, 2012 (Incorporated by reference to Exhibit 4.3 to Form 20-F for the year ended December 31, 2012 filed with the SEC on May 14, 2013)
4.2	Stock Option Plan, as amended (Incorporated by reference to Exhibit 4.4 to Form 20-F for the year ended December 31, 2012 filed with the SEC on May 14, 2013)
4.3	$5 Million Master Credit Facility with Caterpillar Credito, S.A. de C.V. and Continuing Guarantee dated December 17, 2012 (Incorporated by reference to Exhibit 4.5 to Form 20-F for the year ended December 31, 2012 filed with the SEC on May 14, 2013)
4.4	Placement Agency Agreement (Incorporated by reference to Exhibit 10.1 to Form 6-K filed with the SEC on February 21, 2014)
4.5	Form of Subscription Agreement (Incorporated by reference to Exhibit 10.2 to Form 6-K filed with the SEC on February 21, 2014)
4.6	Form of Warrant Agreement (Incorporated by reference to Exhibit 10.3 to Form 6-K filed with the SEC on February 21, 2014)
4.7	Malcolm Davidson Employment Agreement dated Jan. 1, 2014 (Incorporated by reference to Exhibit 4.13 to Form 20-F filed with the SEC on May 11, 2015)
4.8	J.C. Rodríguez Employment Agreement dated July 1, 2013 and Amendment dated April 14, 2014 (Incorporated by reference to Exhibit 4.14 to Form 20-F filed with the SEC on May 11, 2015)
4.9	Arrangement Agreement dated July 31, 2014 between Avino Silver & Gold Mines Ltd. and Bralorne Gold Mines Ltd. (Incorporated by reference to Exhibit 99.1 to Form 6K filed with the SEC on August 6, 2014 and subsequently amended and filed with the SEC on September 2, 2014.)
4.10	Intermark Capital Corporation Consulting Agreement dated Jan. 1, 2016, amended March 23, 2016 and renewed on January 1, 2019
4.11	Underwriting Agreement (Incorporated by reference to Exhibit 99.1 to Form 6K filed with the SEC on November 23, 2016.)
4.12	Warrant Indenture (Incorporated by reference to Exhibit 99.1 to Form 6K filed with the SEC on November 30, 2016)
4.13	2016 Restricted Share Unit Plan
4.14	2018 Restricted Share Unit Plan
4.15	2018 Stock Option Plan
4.16	Amended and Restated Controlled Equity Offering Sales Agreement dated August 4, 2017 between Avino Silver & Gold Mines Ltd. and Cantor Fitzgerald & Co. (Incorporated by reference to Exhibit 99.1 to Form 6K filed with the SEC on August 4, 2017)
4.17	Technical Report on the Avino Property, Durango, Mexico dated April 11, 2017 (Incorporated by reference to Exhibit 99.1 to Form 6K filed with the SEC on May 23, 2017)
4.18	Amended Mineral Resource Estimate Update for the Avino Property, Durango, Mexico dated December 19, 2018 (Incorporated by reference to Exhibit 10.1 to Form 6K filed with SEC on December 26, 2018)
4.19	Agency Agreement dated April 27, 2018 with Cantor Fitzgerald Canada Corporation re Best Effort Equity Offering of 2,500,000 Flow Through Avino Common Shares;
4.20	Amended and Restated Controlled Equity Offering Sales Agreement dated August 21, 2018 with Cantor Fitzgerald & Co;
4.21	Underwriting Agreement dated September 21, 2018 with H. C. Wainwright & Co., LLC;
8.1	List of Subsidiaries
11.1	Code of Ethics and Whistleblower Policy (Incorporated by reference to Exhibit 11.1 to Form 20-F for the year ended December 31, 2017 filed with the SEC on April 3, 2018)
11.2	Audit Committee Charter (Incorporated by reference to Exhibit 11.2 to Form 20-F for the year ended December 31, 2012 filed with the SEC on May 14, 2013)
11.3	Governance & Nominating Committee Charter (Incorporated by reference to Exhibit 11.3 to Form 20-F for the year ended December 31, 2012 filed with the SEC on May 14, 2013)
11.4	Compensation Committee Charter (Incorporated by reference to Exhibit 11.2 to Form 20-F for the year ended December 31, 2012 filed with the SEC on May 14, 2013)
12.1	Certification of the Principal Executive Officer
12.2	Certification of the Principal Financial Officer
13.1	Certificate under the Sarbanes-Oxley Act of the Principal Executive Officer
13.2	Certificate under the Sarbanes-Oxley Act of the Principal Financial Officer
13.3	Consent of Manning Elliott LLP
13.4	Consent of Tetra Tech Canada Inc.
13.5	Consent of, An Aranz Geo Company
13.6	Consent of Kirkham Geosystems Ltd.
13.7	Consent of Jasman Yee, P.Eng.

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* Previously filed.

AVINO SILVER & GOLD MINES LTD.

Consolidated Financial Statements

For the years ended December 31, 2018, 2017 and 2016

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements of Avino Silver & Gold Mines Ltd. (the "Company") are the responsibility of the Company's management. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and reflect management's best estimates and judgments based on information currently available.

Management has developed and is maintaining a system of internal controls to ensure that the Company's assets are safeguarded, transactions are authorized and properly recorded, and financial information is reliable.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities. The Audit Committee reviews the results of the annual audit and reviews the consolidated financial statements prior to their submission to the Board of Directors for approval.

The consolidated financial statements as at December 31, 2018 and 2017, and at January 1, 2017, and for the years ended December 31, 2018, 2017 and 2016, have been audited by Manning Elliott LLP, an independent registered public accounting firm, and their report outlines the scope of their examination, and gives their opinion on the consolidated financial statements.

"David Wolfin"

David Wolfin
President & CEO

February 27, 2019

"Nathan Harte"

Nathan Harte, CPA
Chief Financial Officer

February 27, 2019

MANNING ELLIOTT
ACCOUNTANTS & BUSINESS ADVISORS

17th floor, 1030 West Georgia St., Vancouver, BC, Canada V6E 2Y3
Tel: 604. 714. 3600 Fax: 604. 714. 3669 Web: manningelliott.com

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinion on the Consolidated Financial Statements
We have audited the accompanying consolidated financial statements of Avino Silver & Gold Mines Ltd. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2018, December 31, 2017 and January 1, 2017, and the consolidated statements of operations and comprehensive income (loss), consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2018, 2017 and 2016, and the related notes, including a summary of significant accounting policies and other explanatory information (collectively referred to as the "consolidated financial statements").

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018, December 31, 2017 and January 1, 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Voluntary Change in Accounting Policy
As discussed in Note 3 to the consolidated financial statements, the Company has changed its method of accounting for exploration and evaluation assets and development costs under IFRS 6 and IAS 16 and has retrospectively adjusted the consolidated financial statements as at December 31, 2017 and January 1, 2017, and for the years ended December 31, 2017 and 2016.

Basis for Opinion
These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement, whether due to fraud or error. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and performing procedures that respond to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a reasonable basis for our audit opinion.

/s/ Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, British Columbia

February 27, 2019

We have served as the Company's auditor since 2007.

AVINO SILVER & GOLD MINES LTD.
Consolidated Statements of Financial Position
(Expressed in thousands of US dollars)

	Note	December 31, 2018	December 31, 2017 (Note 3)	January 1, 2017 (Note 3)
ASSETS				
Current assets				
Cash		$ 3,252	$ 3,420	$ 11,780
Short-term investments	**5**	-	1,000	10,000
Amounts receivable		4,091	4,635	3,050
Taxes recoverable	**6**	5,343	6,369	3,529
Prepaid expenses and other assets		1,030	2,065	965
Inventory	**7**	9,231	9,102	5,804
Total current assets		22,947	26,591	35,128
Exploration and evaluation assets	**8**	46,781	43,338	30,792
Plant, equipment and mining properties	**10**	38,743	32,158	28,076
Long-term investments		10	34	27
Reclamation bonds	**11**	107	714	108
Total assets		$ 108,588	$ 102,835	$ 94,131
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities		$ 5,885	$ 3,512	$ 3,726
Amounts due to related parties	**12(b)**	157	187	199
Taxes payable		167	525	817
Current portion of term facility	**13**	1,017	4,000	4,667
Current portion of equipment loans	**14**	517	848	977
Current portion of finance lease obligations	**15**	950	1,116	1,435
Deferred revenue	**17**	573	-	-
Current portion of reclamation provision	**18**	296	-	-
Other liabilities		279	-	-
Total current liabilities		9,841	10,188	11,821
Term facility	**13**	5,884	4,667	4,667
Equipment loans	**14**	411	398	1,191
Finance lease obligations	**15**	869	1,233	1,377
Warrant liability	**16**	2,009	1,161	1,630
Reclamation provision	**18**	10,503	11,638	6,963
Deferred income tax liabilities	**27**	3,903	4,548	4,688
Total liabilities		33,420	33,833	32,337
EQUITY				
Share capital	**19**	88,045	81,468	80,785
Equity reserves		9,849	10,581	9,100
Treasury shares (14,180 shares, at cost)		(97)	(97)	(97)
Accumulated other comprehensive loss		(6,124)	(4,073)	(6,456)
Accumulated deficit		(16,505)	(18,877)	(21,538)
Total equity		75,168	69,002	61,794
Total liabilities and equity		$ 108,588	$ 102,835	$ 94,131

Commitments – Note 22
Subsequent Event – Note 28
Approved by the Board of Directors on February 27, 2019:

Gary Robertson Director *David Wolfin* Director

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

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

	Note	2018	2017 (Note 3)	2016 (Note 3)
Revenue from mining operations	**20**	$ 34,116	$ 33,359	$ 34,692
Cost of sales	**20**	27,850	22,106	22,961
Mine operating income		6,266	11,253	11,731
Operating expenses				
General and administrative expenses	**21**	3,565	3,313	3,789
Share-based payments	**19**	630	2,018	1,218
Income (loss) before other items		2,071	5,922	6,724
Other items				
Interest and other income		221	246	52
Unrealized gain (loss) on long-term investments		(5)	5	(2)
Fair value adjustment on warrant liability	**16**	1,304	563	8
Unrealized foreign exchange gain (loss)		(802)	(935)	156
Finance cost		(444)	(157)	(142)
Accretion of reclamation provision	**18**	(378)	(248)	(215)
Interest expense		(109)	(103)	(126)
Gain on sale of asset		175	-	-
Net income before income taxes		2,033	5,293	6,455
Income taxes				
Current income tax expense	**27**	(1,052)	(2,911)	(3,434)
Deferred income tax recovery (expense)	**27**	645	140	(1,005)
Income tax expense		(407)	(2,771)	(4,439)
Net income		1,626	2,522	2,016
Other comprehensive income (loss)				
Currency translation differences		(2,051)	2,383	(95)
Total comprehensive income (loss)		**$ (425)**	**$ 4,905**	**$ 1,921**
Earnings per share	**19(e)**			
Basic		$ 0.03	$ 0.05	$ 0.05
Diluted		$ 0.03	$ 0.05	$ 0.05
Weighted average number of common shares outstanding	**19(e)**			
Basic		56,851,626	52,523,454	42,695,999
Diluted		60,000,637	53,320,009	43,791,451

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

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

	Note	Number of Common Shares	Share Capital Amount	Equity Reserves	Treasury Shares	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit (Note 3)	Total Equity (Note 3)
Balance, January 1, 2016		**37,298,009**	**$ 58,241**	**$ 9,330**	**$ (97)**	**$ (6,361)**	**$ (23,760)**	**$ 37,353**
Common shares issued for cash:								
Brokered public offerings		14,043,992	21,663	-	-	-	-	21,663
Less share issuance cost		-	(1,459)	-	-	-	-	(1,459)
Exercise of stock options		1,079,000	949	-	-	-	-	949
Carrying value of stock options exercised		-	1,369	(1,369)	-	-	-	-
Stock options cancelled or expired		-	-	(206)	-	-	206	-
Shares issued for exploration and evaluation assets		10,000	22	-	-	-	-	22
Share-based payments (net of costs of $5)		-	-	1,345	-	-	-	1,345
Net income for the period		-	-	-	-	-	2,016	2,016
Currency translation differences		-	-	-	-	(95)	-	(95)
Balance, December 31, 2016		**52,431,001**	**$ 80,785**	**$ 9,100**	**$ (97)**	**$ (6,456)**	**$ (21,538)**	**$ 61,794**
Common shares issued for cash:								
Brokered public offerings		10,000	17	-	-	-	-	17
Less share issuance cost		-	(1)	-	-	-	-	(1)
Exercise of stock options		20,000	25	-	-	-	-	25
Carrying value of stock options exercised		-	20	(20)	-	-	-	-
Stock options cancelled or expired		-	-	(139)	-	-	139	-
Carrying value of RSUs exercised		257,152	623	(623)	-	-	-	-
Less share issuance cost		-	(1)	-	-	-	-	(1)
Share-based payments		-	-	2,263	-	-	-	2,263
Net income for the period		-	-	-	-	-	2,522	2,522
Currency translation differences		-	-	-	-	2,383	-	2,383
Balance, December 31, 2017		**52,718,153**	**$ 81,468**	**$ 10,581**	**$ (97)**	**$ (4,073)**	**$ (18,877)**	**$ 69,002**
Common shares issued for cash:								
Brokered public offerings and “at the market” issuances	**19**	10,257,458	6,683	-	-	-	-	6,683
Less: Issuance costs		-	(899)	-	-	-	-	(899)
Exercise of stock options	**19**	87,500	112	-	-	-	-	112
Carrying value of stock options exercised		-	84	(84)	-	-	-	-
Less: share issuance costs		-	(5)	-	-	-	-	(5)
Carrying value of RSUs exercised		274,658	602	(602)	-	-	-	-
Options cancelled or expired		-	-	(746)	-	-	746	-
Share-based payments	**19**	-	-	700	-	-	-	700
Net income for the period		-	-	-	-	-	1,626	1,626
Currency translation differences		-	-	-	-	(2,051)	-	(2,051)
Balance, December 31, 2018		**63,337,769**	**$ 88,045**	**$ 9,849**	**$ (97)**	**$ (6,124)**	**$ (16,505)**	**$ 75,168**

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

AVINO SILVER & GOLD MINES LTD.
Consolidated Statements of Cash Flows
(Expressed in thousands of US dollars)

	Note	2018	2017 (Note 3)	2016 (Note 3)
Cash generated by (used in):				
Operating Activities				
Net income		$ 1,626	$ 2,522	**$ 2,016**
Adjustments for non-cash items:				
Deferred income tax expense (recovery)		(645)	(140)	**1,005**
Depreciation and depletion		3,256	2,703	1,913
Accretion of reclamation provision		378	248	215
Unrealized loss (gain) on investments		5	(5)	2
Foreign exchange (gain) loss		45	127	(442)
Fair value adjustment on warrant liability		(1,304)	(563)	(8)
Fair value adjustment on modification of term facility		234	-	-
Share-based payments		630	2,018	1,218
		4,225	6,910	5,921
Net change in non-cash working capital items	**23**	4,999	(9,077)	(1,098)
		9,224	(2,167)	4,823
Financing Activities				
Shares and units issued for cash, net of issuance costs		8,466	40	22,791
Finance lease payments		(1,166)	(1,581)	(1,531)
Equipment loan payments		(1,445)	(847)	(587)
Term facility payments		(2,000)	(667)	(667)
		3,855	(3,055)	20,006
Investing Activities				
Exploration and evaluation expenditures		(5,361)	(5,527)	(4,810)
Additions to plant, equipment and mining properties		(9,416)	(6,608)	(3,683)
Redemption (purchase) of short-term investments		1,000	9,000	(10,000)
Redemption of reclamation bonds		548	-	-
		(13,229)	(3,135)	(18,493)
Change in cash		(150)	(8,357)	6,336
Effect of exchange rate changes on cash		(18)	(3)	43
Cash, Beginning		3,420	11,780	5,401
Cash, Ending		$ 3,252	$ 3,420	$ 11,780

Supplementary Cash Flow Information (Note 23)

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

1. NATURE OF OPERATIONS

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

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

The Company owns interests in mineral properties located in Durango, Mexico, as well as in British Columbia and the Yukon, Canada. On October 1, 2012, the Company commenced production of silver and gold at levels intended by management at its San Gonzalo Mine, and on July 1, 2015 (see Note 3), the Company commenced production of copper, silver, and gold at levels intended by management at its Avino Mine; both mines are located on the historic Avino property in the state of Durango, Mexico.

2. BASIS OF PRESENTATION

Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Basis of Presentation

These consolidated financial statements are expressed in US dollars and have been prepared on a historical cost basis except for financial instruments that have been measured at fair value. In addition, these condensed consolidated financial statements have been prepared using the accrual basis of accounting on a going concern basis. The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements as if the policies have always been in effect.

Foreign Currency Translation

Functional & presentation currencies

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

Effective January 1, 2017, the Company changed its presentation currency from the Canadian dollar to the US dollar. The Company believes that the change in presentation currency will provide shareholders with a better reflection of the Company's business activities and enhance the comparability of the Company's financial information to its peers.

Foreign currency transactions

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Foreign operations

Subsidiaries that have functional currencies other than the US dollar translate their statement of operations items at the average rate during the year. Assets and liabilities are translated at exchange rates prevailing at the end of each reporting period. Exchange rate variations resulting from the retranslation at the closing rate of the net investment in these subsidiaries, together with differences between their statement of operations items translated at actual and average rates, are recognized in accumulated other comprehensive income (loss). On disposition or partial disposition of a foreign operation, the cumulative amount of related exchange difference is recognized in the statement of operations.

Significant Accounting Judgments and Estimates

The Company's management makes judgments in its process of applying the Company's accounting policies to the preparation of its consolidated financial statements. In addition, the preparation of financial data requires that the Company's management make assumptions and estimates of the impacts on the carrying amounts of the Company's assets and liabilities at the end of the reporting period from uncertain future events and on the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates as the estimation process is inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates and the resulting impacts on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

a) Critical judgments exercised by management in applying accounting policies that have the most significant effect on the amounts presented in these consolidated financial statements are as follows:

i. ***Economic recoverability and probability of future economic benefits from exploration and evaluation costs***

Management has determined that mine and camp, exploratory drilling, and other exploration and evaluation-related costs that were capitalized have future economic benefits and are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and metallurgic information, scoping studies, accessible facilities, existing permits, and mine plans.

ii. ***Commencement of production at levels intended by management***

Prior to reaching production levels intended by management, costs incurred are capitalized as part of the costs of related exploration and evaluation assets, and proceeds from concentrate sales are offset against costs capitalized. Depletion of capitalized costs for mining properties and depreciation of plant and equipment begin when operating levels intended by management have been reached. Management considers several factors in determining when a mining property has reached the intended production levels, including production capacity, recoveries, and number of uninterrupted production days. The results of operations of the Company during the periods presented in these consolidated financial statements have been impacted by management's determination that the San Gonzalo Mine and Avino Mine had achieved production levels intended by management as of October 1, 2012 and July 1, 2015, respectively, and that none of the Company's exploration and evaluation assets had achieved production levels intended by management as at December 31, 2018.

The basis for achievement of production levels intended by management as indicated by technical feasibility and commercial viability is generally established with proven reserves based on a NI 43-101-compliant technical report or a comparable resource statement and feasibility study, combined with pre-production operating statistics and other factors. In cases where the Company does not have a 43-101-compliant reserve report, on which to base a production decision, the technical feasibility and commercial viability of extracting a mineral resource are considered in light of additional factors including but not limited to:

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

When technical feasibility and commercial viability are considered demonstrable according to the above criteria and other factors, the Company performs an impairment assessment and records an impairment loss, if any, before reclassifying exploration and evaluation costs to plant, equipment, and mining properties.

iii. ***Functional currency***

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

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

i. ***Stockpile and concentrate inventory valuations***

Concentrate and stockpile mineralized material are valued at the lower of average cost or net realizable value. The assumptions used in the valuation of concentrate and stockpile mineralized material include estimates of copper, silver, and gold contained in the stockpiles and finished goods assumptions for the amount of copper, silver, and gold that is expected to be recovered from the concentrate. If these estimates or assumptions prove to be inaccurate, the Company could be required to write down the recorded value of its concentrate and stockpile mineralized material inventory, which would result in an increase in the Company's expenses and a reduction in its working capital.

ii. ***Estimated reclamation provisions***

The Company's provision for reclamation represents management's best estimate of the present value of the future cash outflows required to settle estimated reclamation and closure costs at the Avino, San Gonzalo, and Bralorne properties. The provision reflects estimates of future costs, inflation, foreign exchange rates and assumptions of risks associated with the future cash outflows, and the applicable risk-free interest rates for discounting the future cash outflows. Changes in the above factors could result in a change to the provision recognized by the Company.

Changes to reclamation and closure cost obligations are recorded with a corresponding change to the carrying amounts of the related exploration and evaluation assets or mining properties. Adjustments to the carrying amounts of related mining properties result in a change to future depletion expense.

iii. ***Valuation of share-based payments and warrants***

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments and warrants. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect fair value estimates and the Company's net income or net loss and its equity reserves. Warrant liabilities are accounting for as derivate liabilities (see Note 16).

iv. ***Impairment of plant, equipment and mining properties, and exploration and evaluation assets***

Management considers both external and internal sources of information in assessing whether there are any indications that the Company's plant, equipment, and mining properties, and exploration and evaluation assets are impaired. External sources of information management considers include changes in the market, economic and legal environments, in which the Company operates, that are not within its control and that affect the recoverable amount of its plant, equipment, and mining properties. Internal sources of information that management considers include the manner in which mining properties and plant and equipment are being used, or are expected to be used, and indications of economic performance of the assets.

In determining the recoverable amounts of the Company's plant, equipment and mining properties, management makes estimates of the undiscounted future pre-tax cash flows expected to be derived from the Company's mining properties, and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future non expansionary capital expenditures, reductions in the amount of recoverable resources and exploration potential, and adverse current economic conditions are examples of factors that could result in a write down of the carrying amounts of the Company's plant, equipment and mining properties, and exploration and evaluation assets.

v. ***Depreciation rate for plant and equipment and depletion rate for mining properties***

Depreciation and depletion expenses are allocated based on estimates for useful lives of assets. Should the asset life, depletion rates, or depreciation rates differ from the initial estimate, the revised life or rate would be reflected prospectively through profit and loss.

vi. ***Recognition and measurement of deferred tax assets and liabilities***

Actual amounts of income tax expense are not final until tax returns are filed and accepted by the relevant authorities. This occurs subsequent to the issuance of the consolidated financial statements and the final determination of actual amounts may not be completed for a number of years. Therefore, tax assets and liabilities and net income in subsequent periods will be affected by the amount that estimates differ from the final tax return. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. Forecasted cash flows from operations are based on projections internally developed and reviewed by management. Weight is attached to tax planning opportunities that are within the Company's control, and are feasible and implementable without significant obstacles. The likelihood that tax positions taken will be sustained upon examination by applicable tax authorities is assessed based on individual facts and circumstances of the relevant tax position evaluated in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that could materially affect the amounts of deferred tax assets and liabilities.

Basis of Consolidation

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

Subsidiary	Ownership Interest	Jurisdiction	Nature of Operations
Oniva Silver and Gold Mines S.A. de C.V.	100%	Mexico	Mexican administration
Nueva Vizcaya Mining, S.A. de C.V.	100%	Mexico	Mexican administration
Promotora Avino, S.A. de C.V. ("Promotora")	79.09%	Mexico	Holding company
Compañía Minera Mexicana de Avino, S.A. de C.V. ("Avino Mexico")	98.45% direct 1.22% indirect (Promotora) 99.67% effective	Mexico	Mining and exploration
Bralorne Gold Mines Ltd.	100%	Canada	Mining and exploration

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

Cash

Cash in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash.

3. SIGNIFICANT ACCOUNTING POLICIES

Change in accounting policies - Exploration and evaluation assets

Upon review of the Company's experience at the Avino and San Gonzalo mines, on a retrospective basis, the Company has changed its accounting policy under IFRS 6 and IAS 16 in accounting for its exploration and evaluation assets and development costs. The change in accounting policy resulted in a reassessment of the commencement of production date from April 1, 2016 to July 1, 2015, at the Avino Mine. The voluntary change in accounting policy is intended to provide shareholders with a better reflection of its business activities to enhance the comparability of its financial statements to its peers and to make the consolidated financial statements more relevant to the economic decision-making needs of users.

Accordingly, the Company has adopted the following exploration and evaluation assets and development costs accounting policy during the period ended December 31, 2018:

Exploration and evaluation assets and development costs

(i) Exploration and evaluation expenditures

The Company capitalizes all costs relating to the acquisition, exploration and evaluation of mineral claims. Expenditures incurred before the Company has obtained the legal rights to explore a specific area are expensed. The Company's capitalized exploration and evaluation costs are classified as intangible assets. Such costs include, but are not limited to, certain camp costs, geophysical studies, exploratory drilling, geological and sampling expenditures, and depreciation of plant and equipment during the exploration stage. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur. Proceeds from the sale of mineral products or farm outs during the exploration and evaluation stage are deducted from the related capitalized costs.

The carrying values of capitalized amounts are reviewed annually, or when indicators of impairment are present. In the case of undeveloped properties, there may be only inferred resources to allow management to form a basis for the impairment review. The review is based on the Company's intentions for the development of such properties. If a mineral property does not prove to be viable, all unrecoverable costs associated with the property are charged to the consolidated statement of comprehensive income (loss) at the time the determination is made.

When the technical feasibility and commercial viability of extracting mineral resources have been demonstrated, exploration and evaluation costs are assessed for impairment, reclassified to mining properties and become subject to depletion. Management considers the technical feasibility and commercial viability of extracting a mineral resource to be demonstrable upon the completion of a positive feasibility study and the establishment of mineral reserves. For certain mineral projects, management may determine the completion of a feasibility study to be cost prohibitive, unnecessary or to present undue risk to the structural integrity of the ore body. Under such circumstances, management considers technical feasibility to be demonstrable when the Company has obtained the necessary environmental and mining permits, land surface and mineral access rights, and the mineral project can be physically constructed and operated in a technically sound manner to produce a saleable mineral product. In assessing whether commercial viability is demonstrable, management considers if its internal economic assessment indicates that the mineral project can be mined to generate a reasonable return on investment for the risk undertaken, and markets or long-term contracts for the product exist.

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

(ii) Development expenditures

Mine Development Costs are capitalized until the mineral property is capable of operating in the manner intended by management. The Company evaluates the following factors in determining whether a mining property is capable of operating in the manner intended by management:

- The completion and assessment of a reasonable commissioning period of the mill and mining facilities;
- Consistent operating results are achieved during the test period;
- Existence of clear indicators that operating levels intended by management will be sustainable for the foreseeable future;
- Plant / mill has reached a pre-determined percentage of design capacity;
- Adequate funding is available and can be allocated to the operating activities; and,
- Long term sales arrangements have been secured.

The carrying values of capitalized development costs are reviewed annually, or when indicators are present, for impairment.

Effect of Change in Accounting Policy

As a result of applying the change in accounting policy, the Company has determined that the production phase would have commenced effective July 1, 2015. Accordingly, the Company determined that the accumulated impact on its consolidated statement of financial position would be an increase in plant, equipment and mining properties, and the impact of its consolidated statement of operations and comprehensive income (loss) would be an increase in revenue from mining operations and costs of sales as such amounts are not offset during production, resulting in a decreased in accumulated deficit. The retrospective application of this change in accounting policy on the Company's consolidated statement of financial position as at January 1, 2017 and December 31, 2017, is as follows:

	As Previously Reported January 1, 2017	Adjustment	As Adjusted January 1, 2017
ASSETS			
Total current assets	$ 35,128	$ -	$ 35,128
Plant, equipment and mining properties	27,739	337	28,076
Other long-term assets	30,927	-	30,927
Total assets	$ 93,794	$ 337	$ 94,131
LIABILITIES			
Total liabilities	$ 32,337	$ -	$ 32,337
EQUITY			
Accumulated deficit	(21,875)	337	(21,538)
Other equity	83,332	-	83,332
Total equity	61,457	337	61,794
Total liabilities and equity	$ 93,794	$ 337	$ 94,131

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

	As Previously Reported December 31, 2017	Adjustment	As Adjusted December 31, 2017
ASSETS			
Total current assets	$ 26,591	$ -	$ 26,591
Plant, equipment and mining properties	31,952	206	32,158
Other long-term assets	44,086	-	44,086
Total assets	$ 102,629	$ 206	$ 102,835
LIABILITIES			
Total liabilities	$ 33,833	$ -	$ 33,833
EQUITY			
Accumulated deficit	(19,083)	206	(18,877)
Other equity	87,879	-	87,879
Total equity	68,796	206	69,002
Total liabilities and equity	$ 102,629	$ 206	$ 102,835

The retrospective application of this change in accounting policy on the Company's consolidated statements of operations and comprehensive income for the years ended December 31, 2017 and 2016, are as follows:

	As Previously Reported 2016	Adjustment	As Adjusted 2016
Revenue from mining operations	$ 30,105	$ 4,587	$ 34,692
Cost of sales	19,161	3,800	22,961
Mine operating income	10,944	787	11,731
Operating expenses and other items	5,276	-	5,276
Net income before income taxes	5,668	787	6,455
Income taxes	4,164	275	4,439
Net income	1,504	512	2,016
Earnings per share			
Basic	$ 0.04	$ 0.01	$ 0.05
Diluted	$ 0.03	$ 0.02	$ 0.05

	As Previously Reported 2017	Adjustment	As Adjusted 2017
Revenue from mining operations	$ 33,359	$ -	$ 33,359
Cost of sales	21,975	131	22,106
Mine operating income	11,384	(131)	11,253
Operating expenses and other items	5,960	-	5,960
Net income before income taxes	5,424	(131)	5,293
Income taxes	2,771	-	2,771
Net income	2,653	(131)	2,522
Earnings per share			
Basic	$ 0.05	$ 0.00	$ 0.05
Diluted	$ 0.05	$ 0.00	$ 0.05

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

The retrospective application of this change in accounting policy on the Company's consolidated statements of cash flows for the years ended December 31, 2017 and 2016, are as follows:

	As Previously Reported 2016	Adjustment	As Adjusted 2016
Cash generated by (used in)			
Operating Activities			
Net income	$ 1,504	$ 512	$ 2,016
Adjustments for non-cash items:			
Depreciation and depletion	1,341	572	1,913
Other changes in operating activities	1,992	-	1,992
Total before changes in non-cash working capital items	4,837	1,084	5,921
Net change in non-cash working capital items	(1,098)	-	(1,098)
Total cash generated by operating activities	3,739	1,084	4,823
Financing Activities			
Total cash generated by financing activities	20,006	-	20,006
Investing Activities			
Exploration and evaluation expenditures	(8,313)	3,503	(4,810)
Recovery of exploration costs from concentrate proceeds	4,587	(4,587)	-
Other changes in investing activities	(13,683)	-	(13,683)
Total cash used in investing activities	(17,409)	(1,084)	(18,493)
Change in cash and effect of exchange rates	6,336	-	6,336
Effect of exchange rates	43	-	43
Cash, Beginning	5,401	-	5,401
Cash, Ending	$ 11,780	$ -	$ 11,780

	As Previously Reported 2017	Adjustment	As Adjusted 2017
Cash generated by (used in)			
Operating Activities			
Net income	$ 2,653	$ (131)	$ 2,522
Adjustments for non-cash items:			
Depreciation and depletion	2,572	131	2,703
Other changes in operating activities	1,685	-	1,685
Total before changes in non-cash working capital items	6,910	-	6,910
Net change in non-cash working capital items	(9,077)	-	(9,077)
Total cash used in operating activities	(2,167)	-	(2,167)
Financing Activities			
Total cash used in financing activities	(3,055)	-	(3,055)
Investing Activities			
Total cash used in investing activities	(3,135)	-	(3,135)
Change in cash	(8,357)	-	(8,357)
Effect of exchange rates	(3)	-	(3)
Cash, Beginning	11,780	-	11,780
Cash, Ending	$ 3,420	$ -	$ 3,420

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

Plant, equipment and mining properties

Upon demonstrating the technical feasibility and commercial viability of extracting mineral resources, all expenditures incurred to that date for the mine are reclassified to mining properties. Expenditures capitalized to mining properties include all costs related to obtaining or expanding access to resources including extensions of the haulage ramp and installation of underground infrastructure, and the estimated reclamation provision. Expenditures incurred with respect to a mining property are capitalized when it is probable that additional future economic benefits will flow to the Company. Otherwise, such expenditures are classified as a cost of sales.

Plant and equipment are recorded at historical cost less accumulated depreciation and any accumulated impairment losses. Historical costs include expenditures that are directly attributable to bringing the asset to a location and condition necessary to operate in a manner intended by management. Such costs are accumulated as construction in progress until the asset is available for use, at which point the asset is classified as plant, equipment and mining properties and depreciation commences.

After the date that management's intended production levels have been achieved, mining properties are depleted using the straight-line method over the estimated remaining life of the mine. The Company estimates the remaining life of its producing mineral properties on an annual basis using a combination of quantitative and qualitative factors including historical results, mineral resource estimates, and management's intent to operate the property.

The Company does not have sufficient reserve information to form a basis for the application of the units-of-production method for depreciation and depletion.

As at December 31, 2018 and 2017, and January 1, 2017, the Company estimated a remaining mine life for San Gonzalo of 0.8, 0.8, and 1.8 years, respectively.

As at December 31, 2018 and 2017, and January 1, 2017, the Company estimated a remaining mine life for the Avino Mine of 9.5, 10.3, and 11.3 years, respectively.

Accumulated mill, machinery, plant facilities, and certain equipment are depreciated using the straight-line method over their estimated useful lives, not to exceed the life of the mine for any assets that are inseparable from the mine. When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (or components) of plant and equipment.

Plant and equipment are depreciated using the following annual rates and methods:

Office equipment, furniture, and fixtures	20% declining balance
Computer equipment	30% declining balance
Mine machinery and transportation equipment	20% declining balance
Mill machinery and processing equipment	5 - 20 years straight line
Buildings	5 - 20 years straight line

Impairment

At each financial position reporting date, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, provided the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Leases

Leases in which the Company assumes substantially all risks and rewards of ownership are classified as finance leases. Assets held under finance leases are recognized at the lower of the fair value and present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. The corresponding liability is recognized as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation to achieve a constant rate of interest on the remaining liability. Finance charges are recorded as a finance expense within profit and loss, unless they are attributable to qualifying assets, in which case they are capitalized.

Operating lease payments are recognized on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed, in which case that systematic basis is used. Operating lease payments are recorded within profit and loss unless they are attributable to qualifying assets, in which case they are capitalized.

Inventory

Material extracted from the Company's mine is classified as either process material or waste. Process material represents mineralized material that, at the time of extraction, the Company expects to process into a saleable form and sell at a profit, while waste is considered uneconomic to process and its extraction cost is included in direct mining costs. Raw materials are comprised of process material stockpiles. Process material is accumulated in stockpiles that are subsequently processed into bulk copper, silver, and gold concentrate in a saleable form. The Company has bulk copper, silver, and gold concentrate inventory in saleable form that has not yet been sold. Mine operating supplies represent commodity consumables and other raw materials used in the production process, as well as spare parts and other maintenance supplies that are not classified as capital items.

Inventories are valued at the lower of cost and net realizable value ("NRV"). Cost is determined on a weighted average basis and includes all costs incurred, based on normal production capacity, in bringing each product to its present location and condition. Cost of inventories comprises direct labor, materials and contractor expenses, depletion and depreciation on mining properties, plant and equipment, and an allocation of mine site costs. As mineralized material is removed for processing, costs are removed based on the average cost per tonne in the stockpile. Stockpiled process material tonnages are verified by periodic surveys.

NRV of mineralized material is determined with reference to relevant market prices less applicable variable selling expenses and costs to bring the inventory into its saleable form. NRV of materials and supplies is generally calculated by reference to salvage or scrap values when it is determined that the supplies are obsolete. NRV provisions are recorded within cost of sales in the consolidated statement of operations, and are reversed to reflect subsequent recoveries where the inventory is still on hand.

Revenue from Contracts with Customers

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue and costs to sell can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and other sales tax or duty.

Performance Obligations

Based on the criteria outlined in IFRS 15, the Company applied significant judgment in determining that the primary performance obligation relating to its sales contracts is the delivery of concentrates. Shipping and insurance services arranged by the Company for concentrate sales that occur after the transfer of control are also considered performance obligations.

Transfer of Control

Based on the criteria outlined in IFRS 15, the Company applied significant judgment in determining when the transfer of control occurs. Management based its assessment on a number of indicators of control, which include but are not limited to, whether the Company has the present right of payment and whether the physical possession of the goods, significant risks and rewards, and legal title have been transferred to the customer.

Provisional Pricing

Based on the criteria outlined in IFRS 15, the Company applied significant judgment in determining variable consideration. The Company identified two provisional pricing components in concentrate sales, represents variable consideration in the form of a) adjustments between original and final assay results relating to the quantity and quality of concentrate shipments, as well as b) pricing adjustments between provisional and final invoicing based on market prices for base and precious metals.

Based on the Company's historical accuracy in the assay process, as evidenced by the negligible historical adjustments relating to assay differences, the Company concluded the variability in consideration caused by the assaying results is negligible. The Company does not expect a significant amount of reversal related to assaying differences. The Company records revenues based on provisional invoices based on quoted market prices of the London Bullion Market Association and the London Metal Exchange during the quotation period outlined in the concentrate sales agreement. The Company applied judgment to determine the amount of variable consideration to be recognized during the period for which the likelihood of significant reversal is low.

Financial Instruments

Measurement – initial recognition

All financial assets and financial liabilities are initially recorded on the Company's consolidated statement of financial position when the Company becomes a party to the contractual provisions of the instrument. All financial asset and liabilities are initially recorded at fair value, net of attributable transaction costs, except for those classified as fair value through profit or loss ("FVTPL"). Subsequent measurement of financial assets and financial liabilities depends on the classifications of such assets and liabilities.

Classification – financial assets

Amortized cost:

Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and that the contractual terms of the financial assets give rise on specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequent to initial recognition at amortized cost.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. Interest income is recognized using the effect interest method, and is recognized in Interest and other income, on the consolidated statements of operations and comprehensive income (loss)

The Company financial assets at amortized costs include its cash, amounts receivable not related to sales of concentrate, investments (short-term), and reclamation bonds.

Fair value through other comprehensive income ("FVTOCI")

Financial assets that are held within a business model whose objective is to hold financial assets in order to both collect contractual cash flows and selling financial assets, and that the contractual terms of the financial assets give rise on specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding

Upon initial recognition of equity securities, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate its equity securities that would otherwise be measured at FVTPL to present subsequent changes in fair value in other comprehensive income. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination. Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other OCI. The cumulative gain or loss is not reclassified to profit or loss on disposal of the instrument; instead, it is transferred to retained earnings.

The Company currently has no financial assets designated as FVTOCI.

Fair value through profit or loss ("FVTPL")

By default, all other financial assets are measured subsequently at FVTPL, which includes amounts receivable from concentrate sales.

Classification – financial liabilities

Financial liabilities that are not contingent consideration of an acquirer in a business combination, held for trading or designated as at FVTPL, are measured at amortized cost using the effective interest method.

Financial liabilities at amortized cost include accounts payable, amounts due to related parties, term facility, equipment loans, and finance lease obligations.

Financial liabilities classified FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Fair value changes on financial liabilities classified as FVTPL are recognized in the consolidated statements of operations. The Company has classified share purchase warrants with an exercise price in US dollars (see Note 16) as financial liabilities at FVTPL. As these warrants are exercised, the fair value of the recorded warrant liability on date of exercise is included in share capital along with the proceeds from the exercise. If these warrants expire, the related decrease in warrant liability is recognized in the consolidated statements of operations.

The Company has no hedging arrangements and does not apply hedge accounting.

Impairment

The Company recognizes a loss allowance for expected credit losses on its financial assets when necessary. The amount of expected credit losses is updated at each reporting period to reflect changes in credit risk since initial recognition of the respective financial instruments.

Share capital

a) ***Common shares***

Common shares are classified as equity. Transaction costs directly attributable to the issuance of common shares and equity warrants are recognized as a deduction from equity, net of any tax effects. Transaction costs directly attributable to derivative warrants are charged to operations as a finance cost.

b) ***Repurchase of share capital (treasury shares)***

When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to accumulated deficit.

Share-based payment transactions

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

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

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

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

Reclamation and other provisions

Provisions are recognized where a legal or constructive obligation has been incurred as a result of past events, it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. If material, provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in any provision due to the passage of time is recognized as accretion expense.

The Company records the present value of estimated costs of legal and constructive obligations required to restore properties in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and restoration, reclamation, and re-vegetation of affected areas.

The fair value of the liability for a rehabilitation provision is recorded when it is incurred. When the liability is initially recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related mining property or exploration and evaluation asset. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability, which is accreted over time through periodic charges to income or loss. A revision in estimates or new disturbance will result in an adjustment to the provision with an offsetting adjustment to the mineral property or the exploration and evaluation asset. Additional disturbances, changes in costs, or changes in assumptions are recognized as adjustments to the corresponding assets and reclamation liabilities when they occur.

Earnings per share

The Company presents basic and diluted earnings per share data for its common shares, calculated by dividing the earnings attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted earnings per share is determined by adjusting the earnings attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all potentially dilutive common shares.

Income taxes

Income taxes in the years presented are comprised of current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized as equity.

Deferred tax is recognized using the statement of financial position asset and liability method, which provides for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax recognized is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the consolidated statement of financial position date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are not recognized if the temporary differences arise from the initial recognition of goodwill or an asset or liability in a transaction other than a business combination that affects neither accounting profit nor taxable profit.

4. RECENT ACCOUNTING PRONOUNCEMENTS

Application of new and revised accounting standards:

IFRS 9 - Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 – Financial Instruments (“IFRS 9”) to replace IAS 39 – Financial Instruments: Recognition and Measurement in its entirety. IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking ‘expected-loss’ impairment model, as well as a substantially reformed approach to hedge accounting. The standard is effective for annual periods beginning on or after January 1, 2018. The standard did not impact the Company’s classification and measurement of financial assets and liabilities, and there was no significant impact on the carrying amounts of the Company’s financial instruments at the transition date.

IFRS 15 - Revenue from Contracts with Customers

On January 1, 2018, the Company adopted the requirements of IFRS 15. IFRS 15 covers principles that an entity shall apply to report useful information to users of the financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. The Company elected to apply IFRS 15 using a full retrospective approach. The company has completed its assessment and there was no significant impact on the recognition or measurement of the Company's revenue from customers. However, this standard resulted in additional disclosures and presentation categories in the Company's consolidated financial statements.

Performance Obligations

Based on the criteria outlined in IFRS 15, the Company applied significant judgment in determining that the primary performance obligation relating to its sales contracts is the delivery of concentrates. Shipping and insurance services arranged by the Company for concentrate sales that occur after the transfer of control are also considered performance obligations.

Transfer of Control

Based on the criteria outlined in IFRS 15, the Company applied significant judgment in determining when the transfer of control occurs. Management based its assessment on a number of indicators of control, which include but are not limited to, whether the Company has the present right of payment and whether the physical possession of the goods, significant risks and rewards, and legal title have been transferred to the customer.

Provisional Pricing

Based on the criteria outlined in IFRS 15, the Company applied significant judgment in determining variable consideration. The Company identified two provisional pricing components in concentrate sales, represents variable consideration in the form of a) adjustments between original and final assay results relating to the quantity and quality of concentrate shipments, as well as b) pricing adjustments between provisional and final invoicing based on market prices for base and precious metals.

Based on the Company's historical accuracy in the assay process, as evidenced by the negligible historical adjustments relating to assay differences, the Company concluded the variability in consideration caused by the assaying results is negligible. The Company does not expect a significant amount of reversal related to assaying differences. The Company records revenues based on provisional invoices based on quoted market prices of the London Bullion Market Association and the London Metal Exchange during the quotation period outlined in the concentrate sales agreement. The Company applied judgment to determine the amount of variable consideration to be recognized during the period for which the likelihood of significant reversal is low.

Additional Disclosures

Additional disclosures have been presented in Note's 13 and 20 of the consolidated financial statements as a result of adopting IFRS 9 and 15, respectively.

Changes in accounting standards not yet effective:

The Company has not early adopted any amendment, standard or interpretation that has been issued by the IASB but is not yet effective. The following accounting standards were issued and are effective as of December 31, 2018:

IFRS 16 – Leases

In January 2016, the IASB issued IFRS 16 – Leases ("IFRS 16") which replaces IAS 17 – Leases and its associated interpretative guidance, and will be effective for accounting periods beginning on or after January 1, 2019. Early adoption is permitted, provided the Company has adopted IFRS 15. This standard sets out a new model for lease accounting. A lessee can choose to apply IFRS 16 using either a full retrospective approach or a modified retrospective approach. The Company plans to apply IFRS 16 at the date it becomes effective and has not yet selected a transition approach.

The Company has identified existing agreements that may contain right-of-use assets. At this time, the Company does not believe that the new standard will give rise to a material change, and is currently finalized the expected impact on the consolidated financial statements. The majority of the Company's leases were already classified its right of use assets on its consolidated statement of financial position, and at this time, does not believe that it has material right of use assets that are not classified as such.

IFRS 3 – Definition of a Business

In October 2018, the IASB issued amendments to IFRS 3 – Definition of a Business which:

- Clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- Narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
- Add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- Remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and
- Add an option concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020, and to asset acquisitions that occurred on or after the beginning of that period. Earlier application is permitted.

IFRIC 23 - Uncertainty over Income Tax Treatments

IFRIC 23 (the "Interpretation") sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires an entity to determine whether uncertain tax positions are assessed separately or as a group; and assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings. If yes, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings. If no, the entity should reflect the effect of uncertainty in determining its accounting tax position. The Interpretation is effective for annual periods beginning on or after January 1, 2019. Entities can apply the Interpretation with either full retrospective application or modified retrospective application without restatement of comparatives retrospectively or prospectively. The Company does not expect the application of the Interpretation will have a significant impact on the Company's consolidated financial statements.

Annual Improvements 2015-2017 Cycle

In December 2017, the IASB issued the Annual Improvements 2015-2017 cycle, containing amendments to IFRS 3 - Business Combinations ("IFRS 3"), IFRS 11 - Joint Arrangements, IAS 12 - Income Taxes, and IAS 23 - Borrowing Costs. These amendments are effective for annual periods beginning on or after January 1, 2019 and are not expected to have a significant impact on the Company's consolidated financial statements

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

5. SHORT-TERM INVESTMENTS

At December 31, 2018, the Company's short-term investments totalled $Nil (December 31, 2017 - $1,000 January 1, 2017 - $10,000).

6. TAXES RECOVERABLE

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

	December 31, 2018	December 31, 2017	January 1, 2017
VAT recoverable	$ 3,144	$ 5,779	$ 3,376
GST recoverable	82	105	153
Income taxes recoverable	2,117	485	-
	$ 5,343	$ 6,369	$ 3,529

7. INVENTORY

	December 31, 2018	December 31, 2017	January 1, 2017
Process material stockpiles	$ 4,486	$ 3,566	$ 2,605
Concentrate inventory	3,095	3,437	1,896
Materials and supplies	1,650	2,099	1,303
	$ 9,231	$ 9,102	$ 5,804

The amount of inventory recognized as an expense for the year ended December 31, 2018 totalled $27,850 (2017 – $22,106, 2016 – $22,961), and includes production costs and depreciation and depletion directly attributable to the inventory production process.

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

8. EXPLORATION AND EVALUATION ASSETS

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

	Durango, Mexico	British Columbia & Yukon, Canada	Total
Balance, January 1, 2017	$ 7,979	$ 22,813	$ 30,792
Costs incurred during 2017:			
Mine and camp costs	-	4,301	4,301
Provision for reclamation	-	3,762	3,762
Effect of movements in exchange rates	555	1,604	2,159
Drilling and exploration	418	348	766
Depreciation of plant and equipment	-	716	716
Interest and financing costs	-	377	377
Geological and related services	-	264	264
Water treatment and tailing storage facility costs	-	224	224
Assessments and taxes	82	97	179
Mineral exploration tax credit	-	(202)	(202)
Balance, December 31, 2017	$ 9,034	$ 34,304	$ 43,338
Costs incurred during 2018:			
Mine and camp costs	-	3,143	3,143
Drilling and exploration	346	1,142	1,488
Depreciation of plant and equipment	-	540	540
Interest and other costs	-	414	414
Geological and related services	-	205	205
Water treatment and tailing storage facility costs	-	53	53
Assessments and taxes	86	29	115
Assays	-	13	13
Effect of movements in exchange rates	226	(2,754)	(2,528)
Balance, December 31, 2018	$ 9,692	$ 37,089	$ 46,781

Additional information on the Company's exploration and evaluation properties by region is as follows:

(a) Durango, Mexico

The Company's subsidiary Avino Mexico owns 42 mineral claims and leases four mineral claims in the state of Durango, Mexico. The Company's mineral claims in Mexico are divided into the following four groups:

(i) Avino mine area property

The Avino mine area property is situated around the towns of Panuco de Coronado and San Jose de Avino and surrounding the historic Avino mine site. There are four exploration concessions covering 154.4 hectares, 24 exploitation concessions covering 1,284.7 hectares, and one leased exploitation concession covering 98.83 hectares. Within the Avino mine site area is the Company's San Gonzalo Mine, which achieved production at levels intended by management as of October 1, 2012, and on this date accumulated exploration and evaluation costs were transferred to mining properties.

(ii) Gomez Palacio property

The Gomez Palacio property is located near the town of Gomez Palacio, and consists of nine exploration concessions covering 2,549 hectares.

(iii) Santiago Papasquiaro property

The Santiago Papasquiaro property is located near the village of Santiago Papasquiaro, and consists of four exploration concessions covering 2,552.6 hectares and one exploitation concession covering 602.9 hectares.

(iv) Unification La Platosa properties

The Unification La Platosa properties, consisting of three leased concessions in addition to the leased concession described in note (i) above, are situated within the Avino mine area property near the towns of Panuco de Coronado and San Jose de Avino and surrounding the Avino Mine.

In February 2012, the Company's wholly-owned Mexican subsidiary entered into a new agreement with Minerales de Avino, S.A. de C.V. ("Minerales") whereby Minerales has indirectly granted to the Company the exclusive right to explore and mine the La Platosa property known as the "ET zone". The ET zone includes the Avino Mine, where production at levels intended by management was achieved on July 1, 2015.

Under the agreement, the Company has obtained the exclusive right to explore and mine the property for an initial period of 15 years, with the option to extend the agreement for another 5 years. In consideration of the granting of these rights, the Company issued 135,189 common shares with a fair value of C$0.25 million during the year ended December 31, 2012.

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

Minerales has also granted to the Company the exclusive right to purchase a 100% interest in the property at any time during the term of the agreement (or any renewal thereof), upon payment of $8 million within 15 days of the Company's notice of election to acquire the property. The purchase would be subject to a separate purchase agreement for the legal transfer of the property.

(b) British Columbia, Canada

(i) Bralorne Mine

The Company owns a 100% undivided interest in certain mineral properties located in the Lillooet Mining Division. There is an underlying agreement on 12 crown grants in which the Company is required to pay 1.6385% of net smelter proceeds of production from the claims, and pay fifty cents Canadian (C$0.50) per ton of ore produced from these claims if the ore grade exceeds 0.75 ounces per ton gold.

The Company also owns land and mineral claims for the Bralorne Mine project in connection with ongoing plans for exploration and potential expansion, which include nine mineral claims covering approximately 2,114 hectares in the Lillooet Mining Division of British Columbia (the "BRX Property").The BRX Property carries a 1% net smelter returns royalty to a maximum of C$0.25 million, and a 2.5% net smelter returns royalty.

(ii) Minto and Olympic-Kelvin properties

The Company's mineral claims in British Columbia encompass two additional properties, Minto and Olympic-Kelvin, each of which consists of 100% owned Crown-granted mineral claims located in the Lillooet Mining Division.

(c) Yukon, Canada

The Company has a 100% interest in 14 quartz leases located in the Mayo Mining Division of Yukon, Canada, which collectively comprise the Eagle property.

During the year ended December 31, 2017, an option agreement was signed between Avino and Alexco Resource Corp. ("Alexco"), granting Alexco the right to acquire a 65% interest in all 14 quartz mining leases. To exercise the option, Alexco must pay Avino a total of C$70,000 in instalments over 4 years, issue Avino a total of 70,000 Alexco common shares in instalments over 4 years, incur C$0.55 million in exploration work by the second anniversary of the option agreement date, and a further C$2.2 million in exploration work on the Eagle Property by the fourth anniversary of the option agreement date.

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

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

9. NON-CONTROLLING INTEREST

At December 31, 2018, the Company had an effective 99.67% (2017 - 99.67%, 2016 – 99.67%) interest in its subsidiary Avino Mexico and the remaining 0.33% (2017 - 0.33%, 2016 – 0.33%) interest represents a non-controlling interest. The accumulated deficit and current year income attributable to the non-controlling interest are insignificant and accordingly have not been recognized in the consolidated financial statements.

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

10. PLANT, EQUIPMENT AND MINING PROPERTIES

	Mining properties	Office equipment, furniture, and fixtures	Computer equipment	Mine machinery and transportation equipment	Mill machinery and processing equipment	Buildings	Total
	$	$	$	$	$	$	$
COST							
Balance at January 1, 2017	10,990	83	253	14,927	7,638	2,645	36,536
Additions	1,370	49	27	1,271	2,137	2,949	7,803
Effect of movements in exchange rates	122	1	3	179	91	31	427
Balance at December 31, 2017	12,482	133	283	16,377	9,866	5,625	44,766
Additions	588	17	77	990	7,901	1,089	10,662
Transfers	-	-	-	-	(45)	45	-
Disposals	-	-	-	-	(33)	-	(33)
Effect of movements in exchange rates	(108)	(1)	(2)	(110)	(86)	(49)	(356)
Balance at December 31, 2018	12,962	149	358	17,257	17,603	6,710	55,039
ACCUMULATED DEPLETION AND DEPRECIATION							
Balance at January 1, 2017	2,748	36	116	4,206	846	508	8,460
Additions	1,817	12	27	1,827	283	87	4,053
Effect of movements in exchange rates	27	-	1	51	10	6	95
Balance at December 31, 2017	4,592	48	144	6,084	1,139	601	12,608
Additions	1,549	17	32	799	1,287	112	3,796
Effect of movements in exchange rates	(39)	-	(1)	(53)	(10)	(5)	(108)
Balance at December 31, 2018	6,102	65	175	6,830	2,416	708	16,296
NET BOOK VALUE							
At December 31, 2018	**6,860**	**84**	**183**	**10,427**	**15,187**	**6,002**	**38,743**
At December 31, 2017	7,890	85	139	10,293	8,727	5,024	32,158
At January 1, 2017	8,242	47	137	10,721	6,792	2,137	28,076

Included in Buildings above are assets under construction of $3,655 as at December 31, 2018 (December 31, 2017 - $3,283) on which no depreciation was charged in the periods then ended. Once the assets are put into service, they are transferred to the appropriate class of plant, equipment and mining properties.

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

11. RECLAMATION BONDS

Under the Ministry of Energy, Mines and Petroleum Resources ("MEM"), the Company is required to hold reclamation bonds that cover the estimated future cost to reclaim the ground disturbed. At December 31, 2018, the Company has secured $107 (December 31, 2017 - $714 January 1, 2017 - $108) to cover estimated future costs related to the future ground disturbance at the Company's Canadian operations.

12. RELATED PARTY TRANSACTIONS AND BALANCES

All related party transactions are recorded at the exchange amount which is the amount agreed to by the Company and the related party.

(a) Key management personnel

The Company has identified its directors and certain senior officers as its key management personnel. The compensation costs for key management personnel for the year ended December 31, 2018, 2017 and 2016, were as follows:

	2018	2017	2016
Salaries, benefits, and consulting fees	$ 956	$ 860	$ 1,277
Share-based payments	531	1,718	891
	$ 1,487	$ 2,578	$ 2,168

(b) Amounts due to/from related parties

In the normal course of operations the Company transacts with companies related to Avino's directors or officers. All amounts payable and receivable are non-interest bearing, unsecured and due on demand. Advances to Oniva International Services Corp. ("Oniva") of $212 (December 31, 2017 - $232, January 1, 2017 - $111) for expenditures to be incurred on behalf of the Company are included in prepaid expenses and other assets on the consolidated statements of financial position as at December 31, 2018. The following table summarizes the amounts due to related parties:

	December 31, 2018	December 31, 2017	January 1, 2017
Oniva International Services Corp.	$ 107	$ 139	$ 127
Directors	47	42	45
Jasman Yee & Associates, Inc.	3	6	4
Intermark Capital Corp.	-	-	20
Wear Wolfin Designs Ltd.	-	-	3
	$ 157	$ 187	$ 199

(c) Other related party transactions

The Company has a cost sharing agreement with 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 directr 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.

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

The transactions with Oniva during the three and years ended December 31, 2018, 2017 and 2016, are summarized below:

	2018	2017	2016
Salaries and benefits	$ 594	$ 450	$ 297
Office and miscellaneous	560	567	507
Exploration and evaluation assets	353	352	248
	$ 1,507	$ 1,369	$ 1,052

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 year ended December 31, 2018, 2017 and 2016, the Company paid $232, $231 and $504, respectively, to ICC.

The Company pays Jasman Yee & Associates, Inc. ("JYAI") for operational, managerial, metallurgical, engineering and consulting services related to the Company's activities. JYAI's managing director is a director of the Company. For the year ended December 31, 2018, 2017 and 2016, the Company paid $66, $80 and $140, respectively, to JYAI.

The Company pays Wear Wolfin Designs Ltd. ("WWD"), a company whose director is the brother-in-law of David Wolfin, for financial consulting services related to ongoing consultation with stakeholders and license holders. For the year ended December 31, 2018, 2017 and 2016, the Company paid $12, $23 and $23, respectively, to WWD.

13. TERM FACILITY

In July 2015, the Company entered into a $10 million term facility with Samsung C&T U.K. Limited ("Samsung"). Interest is charged on the facility at a rate of US dollar LIBOR (3 month) plus 4.75%, and the facility was to be repaid in 15 consecutive equal monthly instalments starting in June 2016. Pursuant to the agreement, in August 2015, Avino commenced selling concentrates produced during ramp advancement and ongoing evaluation and extraction at the Avino Mine on an exclusive basis to Samsung. Samsung pays for the concentrates at the prevailing metal prices for their silver, copper, and gold content at or about the time of delivery, less interest, treatment, refining, shipping, and insurance charges.

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

During the year ended December 31, 2018, the Company and Samsung entered into a new amending agreement to amend the existing term facility by extending the repayment period. Under the new amendment, Samsung granted the Company a 12 month deferral period from October 2018, through and including September 2019, during which there will be no principal repayments. The Company will repay the remaining balance in 23 equal monthly instalments of $278 commencing in October 2019 and ending August 2021. Interest on the amended facility is now charged at a rate of US dollar LIBOR (3 month) plus 6.75% during the 12 month deferral period, reverting to US dollar LIBOR (3 month) plus 4.75% for the remainder of the repayment period ending August 2021. Other material terms of the facility remain unchanged. The Company is committed to selling Avino Mine concentrate on an exclusive basis to Samsung until December 31, 2024.

The facility is secured by the concentrates produced under the agreement and by the common shares of the Company's wholly-owned subsidiary Bralorne Gold Mines Ltd. The facility with Samsung relates to the sale of concentrates produced from the Avino Mine only and does not include concentrates produced from the San Gonzalo Mine.

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

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

	December 31, 2018	December 31, 2017	January 1, 2017
Balance at beginning of the period	$ 8,667	$ 9,334	$ 10,000
Repayments	(2,000)	(667)	(666)
Fair value adjustment for modification	234	-	-
Balance at end of the period	6,901	8,667	9,334
Less: current portion	(1,017)	(4,000)	(4,666)
Non-current portion	$ 5,884	$ 4,667	$ 4,667

14. EQUIPMENT LOANS

The Company has entered into loans for mining equipment maturing in between 2018 and 2023 with fixed interest rates of 4.75% to 6.29% per annum. The Company's obligations under the loans are secured by the mining equipment. As at December 31, 2018, plant, equipment, and mining properties includes a net carrying amount of $2,232 (December 31, 2017 - $2,065, January 1, 2017 - $2,508) for this mining equipment.

The contractual maturities and interest charges in respect of the Company's obligations under the equipment loans are as follows:

	December 31, 2018	December 31, 2017	January 1, 2017
Not later than one year	$ 550	$ 886	$ 1,060
Later than one year and not later than five years	428	410	1,238
Less: Future interest charges	(50)	(50)	(130)
Present value of loan payments	928	1,246	2,168
Less: current portion	(517)	(848)	(977)
Non-current portion	$ 411	$ 398	$ 1,191

The equipment loan credit facilities are a component of the master credit facilities described in Note 15.

15. FINANCE LEASE OBLIGATIONS

The Company has entered into mining equipment leases expiring between 2018 and 2021, with interest rates ranging from Nil% to 14.49% per annum. The Company has the option to purchase the mining equipment at the end of the lease term for a nominal amount. The Company's obligations under finance leases are secured by the lessor's title to the leased assets. As at December 31, 2018, plant, equipment and mining properties includes a net carrying amount of $3,461 (December 31, 2017 - $3,951, January 1, 2017 - $4,801) for this leased mining equipment.

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

The contractual maturities and interest charges in respect of the Company's finance lease obligations are as follows:

	December 31, 2018	December 31, 2017	January 1, 2017
Not later than one year	$ 943	$ 1,204	$ 1,527
Later than one year and not later than five years	947	1,295	1,482
Less: Future interest charges	(71)	(150)	(197)
Present value of lease payments	1,819	2,349	2,812
Less: current portion	(950)	(1,116)	(1,435)
Non-current portion	$ 869	$ 1,233	$ 1,377

The Company has two master credit facilities with equipment suppliers for a total of $10,375. The facilities are used to acquire equipment necessary for maintaining operations at the San Gonzalo Mine and the Avino Mine, and for continuing exploration activity at the Bralorne Mine. As of December 31, 2018, the Company had $8,224 in available credit remaining under these facilities.

16. WARRANT LIABILITY

The Company's warrant liability arises as a result of the issuance of warrants exercisable in U.S. dollars. As the denomination is different from the Canadian dollar functional currency of the entity issuing the underlying shares, the Company recognizes a derivative liability for these warrants and re-measures the liability at the end of each reporting period using the Black-Scholes model. Changes in respect of the Company's warrant liability are as follows:

	December 31, 2018	December 31, 2017	January 1, 2017
Balance at beginning of the period	$ 1,161	$ 1,630	$ -
Warrants issued during the period	2,296	-	1,638
Fair value adjustment	(1,304)	(563)	(8)
Effect of movement in exchange rates	(144)	94	-
Balance at end of the period	$ 2,009	$ 1,161	$ 1,630
Less: current portion	-	-	-
Non-current portion	$ 2,009	$ 1,161	$ 1,630

Continuity of warrants during the periods is as follows:

	Underlying Shares	Weighted Average Exercise Price
Warrants outstanding and exercisable, January 1 and December 31, 2017	3,602,215	$ 1.99
Issued	7,175,846	$ 0.80
Warrants outstanding and exercisable, December 31, 2018	10,778,061	$ 1.20

		Derivative Warrants,Outstanding and Exercisable		
Expiry Date	Exercise Price per Share	December 31, 2018	December 31, 2017	January 1, 2017
March 14, 2019	$ 1.00	40,000	40,000	40,000
November 28, 2019	$ 2.00	3,562,215	3,562,215	3,562,215
September 25, 2023	$ 0.80	7,175,846	-	-
		10,778,061	3,602,215	3,602,215

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

As at December 31, 2018, the weighted average remaining contractual life of warrants outstanding was 3.46 years (December 31, 2017 – 1.90 years, January 1, 2017 – 2.29 years).

Valuation of the warrant liability requires the use of highly subjective estimates and assumptions including the expected stock price volatility. The expected volatility used in valuing warrants is based on volatility observed in historical periods. Changes in the underlying assumptions can materially affect the fair value estimates. The fair value of the warrant liability was calculated using the Black-Scholes model with the following weighted average assumptions and resulting fair values:

	December 31, 2018	December 31, 2017	January 1, 2017
Weighted average assumptions:			
Risk-free interest rate	1.88%	1.66%	0.67%
Expected dividend yield	0%	0%	0%
Expected warrant life (years)	3.46	1.90	2.29
Expected stock price volatility	61.47%	65.69%	72.66%
Weighted average fair value	$ 0.19	$ 0.32	$ 0.35

17. DEFERRED REVENUE

During the year ended December 31, 2018, the Company entered into a sales agreement with MK Metal Trading Mexico S.A. de C.V., a subsidiary of Ocean Partners, to sell San Gonzalo concentrate for a 12 month period. As per the agreement, the Company received an unsecured upfront payment of $2 million, which is to be repaid in equal monthly installments over the 12 month period ending March 2019. Interest is charged on the outstanding balance at a rate of US dollar LIBOR (3 month) plus 4.75%.

As of December 31, 2018, the outstanding balance (including IVA) was $573 (December 31, 2017 and January 1, 2017 - $Nil).

18. RECLAMATION PROVISION

Management's estimate of the reclamation provision at December 31, 2018, is $10,799 (December 31, 2017 – $11,638, January 1, 2017 – $6,963), and the undiscounted value of the obligation is $16,356 (December 31, 2017 – $17,529, January 1, 2017 – $7,634).

The present value of the obligation in Mexico of $1,309 (December 31, 2017 – $1,584, January 1, 2017 – $1,233) was calculated using a risk-free interest rate of 8.62% (December 31, 2017 – 7.68%, January 1, 2017 – 7.00%) and an inflation rate of 3.80% (December 31, 2017 – 6.77%, January 1, , 2017 – 4.25%). Reclamation activities are estimated to begin in 2019 for the San Gonzalo Mine and in 2028 for the Avino Mine.

The present value of the obligation for Bralorne of $9,490 (December 31, 2017 – $10,054, January 1, 2017 – $5,730) was calculated using a weighted average risk-free interest rate of 3.41% (December 31, 2017 – 3.46%, January 1, 2017 – 4.39%) and a weighted average inflation rate of 1.88% (December 31, 2017 – 1.67%, January 1, 2017 – 1.79%). Reclamation activities are estimated to begin in 2024.

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

A reconciliation of the changes in the reclamation provision during the years ended December 31, 2018, and 2017, is as follows:

	December 31, 2018	December 31, 2017
Balance at beginning of the period	$ 11,638	$ 6,963
Changes in estimates	(437)	3,900
Unwinding of discount	378	248
Effect of movements in exchange rates	(780)	527
Balance at end of the period	$ 10,799	$ 11,638
Less: current portion	(296)	-
Non-current portion	$ 10,503	$ 11,638

19. SHARE CAPITAL AND SHARE-BASED PAYMENTS

(a) Authorized: Unlimited common shares without par value.

(b) Issued:

(i) During the year ended December 31, 2018, the Company closed a bought-deal financing, issuing 7,105,658 units at the price of $0.65 per unit for gross proceeds of $4,619. Each unit consisted of one common share and one share purchase warrant, with each share purchase warrant exercisable to purchase one additional common share at an exercise price of $0.80 until expiry on September 25, 2023. The financing was made by way of prospectus supplement in September 2018, to the short-form base shelf prospectus dated November 10, 2016 and the shelf registration statement dated August 22, 2018, for up to $25 million.

Of the $4,619 total aggregate proceeds raised in this financing, the $2,296 fair value of the warrants was attributed to warrant liability (Note 16), and the residual amount of $2,323 was attributed to common shares. The Company paid a 7% cash commission on the gross proceed in the amount of $324, and incurred additional legal costs of $185. Costs of $253 were allocated to the fair value of the warrants and have been reflected in the consolidated statement of operations as a finance cost, and costs of $256 have been reflected as share issuance costs in the consolidated statement of changes in equity. An additional $168 in issuance costs relating to the shelf registration statement have also been reflected in the consolidated statement of changes in equity

During the year ended December 31, 2018, the Company issued 3 million common shares by way of flow-through financing for gross proceeds of $4,667 (C$6,000). This amount includes a flow-through premium, which represents the difference between the Company's share price on the date of issuance, and the offering price of C$2.00 per share. Based on the C$ to US$ exchange rate on the date of the transaction, $444 was recorded as the flow-through premium, for a net share capital allocation of $4,223. This premium is presented in "Other liabilities" on the balance sheet as at December 31, 2018. The Company incurred $471 in commission and issuance costs in relation to the offering.

During the year ended December 31, 2018, the Company issued 151,800 common shares in an at-the-market offering under prospectus supplement for gross proceeds of $137. The Company pays a 3% cash commission on gross proceeds and incurred $4 in issuance costs during the period.

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

During the year ended December 31, 2018, the Company issued 87,500 common shares upon the exercise of stock options for gross proceeds of $112. The Company also issued 274,658 common shares upon exercise of RSUs. The Company incurred $5 in issuance costs in relation to these exercises.

(ii) During the year ended December 31, 2017, the Company issued shares in an at-the-market offering under prospectus supplements for an aggregate of 10,000 common shares at an average price of $1.67 for net proceeds of $16.

During the year ended December 31, 2017, the Company issued 20,000 common shares upon the exercise of stock options for gross proceeds of $25.

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

(c) Stock options:

The Company has a stock option plan to purchase the Company's common shares, under which it may grant stock options of up to 10% of the Company's total number of shares issued and outstanding on a non-diluted basis. The stock option plan provides for the granting of stock options to directors, officers, and employees, and to persons providing investor relations or consulting services, the limits being based on the Company's total number of issued and outstanding shares per year. The stock options vest on the date of grant, except for those issued to persons providing investor relations services, which vest over a period of one year. The option price must be greater than or equal to the discounted market price on the grant date, and the option term cannot exceed ten years from the grant date.

Continuity of stock options for the years ended December 31, 2018, and 2017, is as follows:

	Underlying Shares		Weighted Average Exercise Price (C$)
Stock options outstanding and exercisable, January 1, 2017	1,978,500	$	2.24
Granted	1,475,000	$	1.98
Cancelled / Forfeited	(122,500)	$	2.54
Exercised	(20,000)	$	1.62
Stock options outstanding and exercisable, December 31, 2017	3,311,000	$	2.12
Granted	497,500	$	1.30
Cancelled / Forfeited	(497,500)	$	2.14
Expired	(306,000)	$	1.61
Exercised	(87,500)	$	1.61
Stock options outstanding, December 31, 2018	2,917,500	$	2.04
Stock options exercisable, December 31, 2018	2,576,250	$	2.14

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

The following table summarizes information about the Company's stock options outstanding and exercisable at December 31, 2018:

		Outstanding		Exercisable	
Expiry Date	Price (C$)	Options Outstanding	Weighted Average Remaining Contractual Life (Years)	Options Outstanding	Weighted Average Remaining Contractual Life (Years)
September 19, 2019	$ 1.90	570,000	0.72	570,000	0.72
December 22, 2019	$ 1.90	30,000	0.98	30,000	0.98
September 2, 2021	$ 2.95	552,500	2.67	552,500	2.67
September 20, 2022	$ 1.98	1,295,000	3.72	1,295,000	3.72
October 6, 2022	$ 1.98	15,000	3.77	15,000	3.77
August 28, 2023	$ 1.30	455,000	4.66	113,750	4.66
		2,917,500	3.06	2,576,250	2.84

Option pricing requires the use of highly subjective estimates and assumptions including the expected stock price volatility. The expected volatility used in valuing stock options is based on volatility observed in historical periods. Changes in the underlying assumptions can materially affect the fair value estimates. The fair value of the options granted during the years ended December 31, 2018, 2017 and 2016, was calculated using the Black-Scholes model with the following weighted average assumptions and resulting grant date fair value:

	2018	2017	2016
Weighted average assumptions:			
Risk-free interest rate	2.25%	1.80%	0.69%
Expected dividend yield	0%	0%	0%
Expected option life (years)	5.00	5.00	5.00
Expected stock price volatility	60.26%	68.24%	65.13%
Weighted average fair value at grant date	$ C0.53	$ C1.14	$ C1.60

During the year ended December 31, 2018, the Company charged $130 (2017 - $1,177, 2016 - $875) to operations as share-based payments and capitalized $20 (2017 - $127, 2016 - $96) to exploration and evaluation assets.

(d) Restricted Share Units:

On April 19, 2018, the Company's Restricted Share Unit ("RSU") Plan was approved by its shareholders. The RSU Plan is administered by the Compensation Committee under the supervision of the Board of Directors as compensation to officers, directors, consultants, and employees. The Compensation Committee determines the terms and conditions upon which a grant is made, including any performance criteria or vesting period.

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

During the year ended December 31, 2018, 1,081,500 RSUs (2017 – 80,500, 2016 – 790,000) were granted. All RSUs granted vest one-third annually from the date of the grant until fully vested at the end of the three-year term. The weighted average fair value of the RSUs granted during the year ended December 31, 2018, was C$1.31, based on the TSX market price of the Company's shares on the date the RSUs were granted.

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

At December 31, 2018, there were 1,235,301 RSUs outstanding (December 31, 2017 – 592,172, December 31, 2016 – 787,500).

During the year ended December 31, 2018, the Company charged $500 (2017 - $841, 2016 - $343) to operations as share-based payments and capitalized $50 (2017 - $116, 2016 - $35) to exploration and evaluation assets for the fair value of the RSUs issued. The fair value of the RSUs is recognized over the vesting period with reference to vesting conditions and the estimated RSUs expected to vest.

(e) Earnings per share:

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

	2018	2017 (Note 3)	2016 (Note 3)
Net income (loss) for the period	$ 1,626	$ 2,522	$ 2,016
Basic weighted average number of shares outstanding	56,851,626	52,523,454	42,695,999
Effect of dilutive share options, warrants, and RSUs	3,149,011	796,555	1,095,452
Diluted weighted average number of shares outstanding	60,000,637	53,320,009	43,791,451
Basic earnings per share	$ 0.03	$ 0.05	$ 0.05
Diluted earnings per share	$ 0.03	$ 0.05	$ 0.05

20. REVENUE AND COST OF SALES

The Company's revenues for the year ended December 31, 2018 of $34,116 (2017 - $33,359, 2016 - $34,692) are all attributable to Mexico, from shipments of concentrate produced by the Avino Mine, the San Gonzalo Mine, and processing of Historical Above Ground Stockpiles.

	2018	2017 (Note 3)	2016 (Note 3)
Concentrate sales	$ 34,551	$ 33,327	$ 34,925
Provisional pricing adjustments	(435)	32	(233)
	$ 34,116	$ 33,359	$ 34,692

Cost of sales consists of changes in inventories, direct costs including personnel costs, mine site costs, energy costs (principally diesel fuel and electricity), maintenance and repair costs, operating supplies, external services, third party transport fees, depreciation and depletion, and other expenses for the periods. Direct costs include the costs of extracting co-products. Cost of sales is based on the weighted average cost of inventory sold for the periods and consists of the following:

	2018	2017 (Note 3)	2016 (Note 3)
Production costs	$ 24,619	$ 19,418	$ 21,060
Depreciation and depletion	3,231	2,688	1,901
	$ 27,850	$ 22,106	$ 22,961

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

21. GENERAL AND ADMINISTRATIVE EXPENSES

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

	2018	2017	2016
Salaries and benefits	$ 1,257	$ 1,196	$ 1,159
Office and miscellaneous	300	464	925
Management and consulting fees	354	443	495
Investor relations	402	366	258
Travel and promotion	226	323	359
Professional fees	529	247	172
Directors fees	161	158	166
Regulatory and compliance fees	311	101	243
Depreciation	25	15	12
	$ 3,565	$ 3,313	$ 3,789

22. COMMITMENTS

The Company has a cost sharing agreement to reimburse Oniva for a percentage of its overhead expenses, to reimburse 100% of its out-of-pocket expenses incurred on behalf of the Company, and to pay a percentage fee based on Oniva's total overhead and corporate expenses. The agreement may be terminated with one-month notice by either party. Transactions and balances with Oniva are disclosed in Note 12 .

The Company and its subsidiaries have various operating lease agreements for their office premises, use of land, and equipment. Commitments in respect of these lease agreements are as follows:

	December 31, 2018	December 31, 2017	January 1, 2017
Not later than one year	$ 3,092	$ 300	$ 1,540
Later than one year and not later than five years	74	251	557
Later than five years	10	15	20
	$ 3,176	$ 566	$ 2,117

Included in the above amount as at December 31, 2018, is the Company's commitment to incur flow-through eligible expenditures of $2,930 (C$3,997) that must be incurred in Canada.

Office lease payments recognized as an expense during the year ended December 31, 2018, totalled $81 (2017 - $81, 2016 - $83).

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

23. SUPPLEMENTARY CASH FLOW INFORMATION

	2018	2017	2016
Net change in non-cash working capital items:			
Deferred revenues	$ 573	$ -	$ -
Accounts payable and accrued liabilities	2,329	(136)	708
Prepaid expenses and other assets	981	(1,672)	(115)
Amounts receivable	543	(1,585)	(355)
Taxes payable	(358)	(292)	(14)
Amounts due to related parties	(44)	1	42
Taxes recoverable	1,017	(2,828)	(1,323)
Inventory	(42)	(2,565)	(41)
	$ 4,999	$ (9,077)	$ (1,098)

	2018	2017	2016
Interest paid	$ 959	$ 445	$ 471
Taxes paid	$ 4,991	$ 5,765	$ 3,136
Equipment acquired under finance leases and equipment loans	$ 1,771	$ 1,228	$ 3,452

24. FINANCIAL INSTRUMENTS

The fair values of the Company's amounts due to related parties and accounts payable approximate their carrying values because of the short-term nature of these instruments. Cash, amounts receivable, short- and long-term investments, and warrant liability are recorded at fair value. The carrying amounts of the Company's term facility, equipment loans, and finance lease obligations are a reasonable approximation of their fair values based on current market rates for similar financial instruments.

The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk, and market risk.

(a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company has exposure to credit risk through its cash, short-term investments and amounts receivable. The Company manages credit risk, in respect of cash and short-term investments, by maintaining the majority of cash and short-term investments at highly rated financial institutions.

The Company is exposed to a significant concentration of credit risk with respect to its trade accounts receivable balance because all of its concentrate sales are with six (December 31, 2017 – three, January 1, 2017 – three) counterparties (see Note 26). However, the Company has not recorded any allowance against its trade receivables because to-date all balances owed have been settled in full when due (typically within 60 days of submission) and because of the nature of the counterparties.

The Company's maximum exposure to credit risk at the end of any period is equal to the carrying amount of these financial assets as recorded in the consolidated statement of financial position. At December 31, 2018, no amounts were held as collateral.

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

(b) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows required by its operating, investing and financing activities. The Company had cash at December 31, 2018, in the amount of $3,252 and working capital of $13,106 in order to meet short-term business requirements. Accounts payable have contractual maturities of approximately 30 to 90 days, or are due on demand and are subject to normal trade terms. The current portions of term facility, equipment loans, and finance lease obligations are due within 12 months of the consolidated statement of financial position date. Amounts due to related parties are without stated terms of interest or repayment.

The maturity profiles of the Company's contractual obligations and commitments as at December 31, 2018, are summarized as follows:

	Total	Less Than 1 Year	1-5 years	More Than 5 Years
Accounts payable and accrued liabilities	$ 5,885	$ 5,885	$ -	$ -
Due to related parties	157	157	-	-
Minimum rental and lease payments	246	162	74	10
Term facility	7,669	1,432	6,237	-
Equipment loans	978	550	428	-
Finance lease obligations	1,889	942	947	-
Total	$ 16,824	$ 9,128	$ 7,686	$ 10

(c) Market Risk

Market risk consists of interest rate risk, foreign currency risk and price risk. These are discussed further below.

Interest Rate Risk

Interest rate risk consists of two components:

(i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

(ii) To the extent that changes in prevailing market rates differ from the interest rates on the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

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

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

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:

	December 31, 2018		December 31, 2017	
	MXN	CDN	MXN	CDN
Cash	$ 8,378	$ 2,421	$ 9,504	$ 321
Long-term investments	-	14	-	42
Reclamation bonds	-	146	-	896
Amounts receivable	-	114	-	132
Accounts payable and accrued liabilities	(85,951)	(891)	(27,482)	(603)
Due to related parties	-	(215)	-	(225)
Equipment loans	-	(301)	-	(782)
Finance lease obligations	(13,907)	(533)	(751)	(1,002)
Net exposure	(91,480)	755	(18,729)	(1,221)
US dollar equivalent	$ (4,656)	$ 554	$ (949)	$ (974)

Based on the net US dollar denominated asset and liability exposures as at December 31, 2018, a 10% fluctuation in the US/Mexican and Canadian/US exchange rates would impact the Company's earnings (loss) for the year ended December 31, 2018, by approximately $452 (December 31, 2017 - $327). The Company has not entered into any foreign currency contracts to mitigate this risk.

Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk.

The Company is exposed to price risk with respect to its accounts receivable, as certain trade accounts receivable are recorded based on provisional terms that are subsequently adjusted according to quoted metal prices at the date of final settlement. Quoted metal prices are affected by numerous factors beyond the Company's control and are subject to volatility, and the Company does not employ hedging strategies to limit its exposure to price risk. At December 31, 2018, 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 $419 (December 31, 2017 - $224).

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). A 10% change in market prices would not have a material impact on the Company's operations.

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.

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

(d) Classification of Financial Instruments

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

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

The following table sets forth the Company's financial assets and financial liabilities measured at fair value on a recurring basis by level within the fair value hierarchy as at December 31, 2018:

	Level 1	Level 2	Level 3
Financial assets			
Cash	$ 3,252	$ -	$ -
Amounts receivable	-	4,091	-
Long-term investments	10	-	-
Financial liabilities			
Warrant liability	-	-	(2,009)
Total financial assets and liabilities	$ 3,262	$ 4,091	$ (2,009)

25. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and expansion of its properties and to maintain a flexible capital structure for its projects for the benefit of its stakeholders. In the management of capital, the Company includes equity (comprising of all issued share capital, equity reserves, retained earnings or accumulated deficit, and other comprehensive income (loss)), the term facility, equipment loan obligations, and finance lease, are listed as follows:

	December 31, 2018	December 31, 2017	January 1, 2017
Equity	$ 75,168	$ 69,002	$ 61,794
Term Facility	6,901	8,667	9,333
Finance Lease Obligations	1,819	2,349	2,812
Equipment Loans	928	1,246	2,168
	$ 84,816	$ 81,264	$ 76,107

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to incur new debt or issue new shares. Management reviews the Company's capital structure on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. At December 31, 2018, the Company expects its capital resources and projected future cash flows from operations to support its normal operating requirements on an ongoing basis, and planned development and exploration of its mineral properties and other expansionary plans. At December 31, 2018, there was no externally imposed capital requirement to which the Company was subject and with which the Company did not comply.

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

26. SEGMENTED INFORMATION

The Company's revenues for the Year ended December 31, 2018 of $34,116 (2017 - $33,359; 2016 – 34,692) are all attributable to Mexico, from shipments of concentrate produced by the Avino Mine and the San Gonzalo Mine.

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

	2018	2017	2016
Silver	$ 17,259	$ 20,159	$ 23,641
Copper	12,996	8,227	9,593
Gold	9,866	10,131	7,508
Penalties, treatment costs and refining charges	(6,005)	(5,158)	(6,050)
Total revenue from mining operations	$ 34,116	$ 33,359	$ 34,692

For the year ended December 31, 2018, the Company had six customers (2017 and 2016 – three customers) that accounted for total revenues as follows:

	2018	2017	2016
Customer #1	$ 23,314	$ 24,845	$ 23,833
Customer #2	1,547	7,452	6,319
Customer #3	344	-	-
Customer #4	321	1,062	4,540
Customer #5	519	-	-
Customer #6	8,071	-	-
Total revenue from mining operations	$ 34,116	$ 33,359	$ 34,692

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

	December 31, 2018	December 31, 2017	January 1, 2017
Exploration and evaluation assets - Mexico	$ 9,692	$ 9,034	$ 7,979
Exploration and evaluation assets - Canada	37,089	34,304	22,813
Total exploration and evaluation assets	$ 46,781	$ 43,338	$ 30,792

	December 31, 2018	December 31, 2017	January 1, 2017
Plant, equipment, and mining properties - Mexico	$ 36,484	$ 28,834	$ 24,578
Plant, equipment, and mining properties - Canada	2,259	3,324	3,498
Total plant, equipment, and mining properties	$ 38,743	$ 32,158	$ 28,076

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

27. INCOME TAXES

(a) Income tax expense

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

	2018	2017	2016
Current income tax expense	$ 1,052	$ 2,911	$ 3,434
Deferred income tax expense (recovery)	(645)	(140)	1,005
Total income tax expense	$ 407	$ 2,771	$ 4,439

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

	2018	2017 (Note 3)	2016 (Note 3)
Net income before income taxes	$ 2,033	$ 5,293	$ 6,455
Combined statutory tax rate	27.00%	26.00%	26.00%
Income tax expense at the Canadian statutory rate	549	1,376	1,678
Reconciling items:			
Effect of difference in foreign tax rates	48	285	307
Non-deductible/non-taxable items	(121)	602	700
Change in unrecognized deductible temporary differences	(257)	1,086	1,408
Impact of foreign exchange	915	(491)	778
Special mining duties	117	511	780
Impact of change of tax rates	-	(322)	-
Revisions to estimates	(368)	(248)	(1,095)
Share issue costs	(231)	-	(379)
Other items	(245)	(106)	262
Income tax expense recognized in the year	$ 407	$ 2,771	$ 4,439

The Company recognized a non-cash expense of $379 for the year ended December 31, 2018 (2017 - $51; 2016 - $316) related to the deferred tax impact of the special mining duty. The Canadian income tax rate increased from 26% to 27% effective January 1, 2018, with a statutory impact prior to year-end. The impact of this change has been reflected in the consolidated financial statements.

	December 31, 2018	December 31, 2017	January 1, 2017
Deferred income tax assets	$ 4,654	$ 4,888	$ 2,831
Deferred income tax liabilities	(8,557)	(9,436)	(7,519)
	$ (3,903)	$ (4,548)	$ (4,688)

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

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

	December 31, 2018	December 31, 2017	January 1, 2017
Reclamation provision	$ 491	$ 594	$ 503
Non-capital losses	3,104	3,197	-
Other deductible temporary differences	1,059	1,097	2,328
Inventory	(94)	(230)	(101)
Exploration and evaluation assets	(6,378)	(6,464)	(4,265)
Plant, equipment and mining properties	(2,085)	(2,742)	(3,153)
Net deferred income tax liabilities	$ (3,903)	$ (4,548)	$ (4,688)

The net deferred tax liability presented in these consolidated financial statements is due to the difference in the carrying amounts and tax bases of the Mexican plant, equipment and mining properties which were acquired in the purchase of Avino Mexico. The carrying values of the Mexican plant, equipment and mining properties includes an estimated fair value adjustment recorded upon the July 17, 2006, acquisition of control of Avino Mexico that was based on a share exchange, while the tax bases of these assets are historical undeducted tax amounts that were nil on acquisition. The deferred tax liability is attributable to assets in the tax jurisdiction of Mexico.

(b) Unrecognized deductible temporary differences:

Temporary differences and tax losses arising in Canada have not been recognized as deferred income tax assets due to the fact that management has determined it is not probable that sufficient future taxable profits will be earned in Canada to recover such assets. Unrecognized deductible temporary differences are summarized as follows:

	December 31, 2017	December 31, 2016	January 1, 2016
Tax losses carried forward	$ 13,790	$ 13,973	$ 17,350
Share issue costs	1,263	1,100	1,466
Plant, equipment and mining properties	6,096	6,198	3,873
Exploration and evaluation assets	1,207	1,330	1,257
Investments	44	198	189
Reclamation provision and other	9,489	10,054	5,603
Unrecognized deductible temporary differences	$ 31,889	$ 32,853	$ 29,739

The Company has capital losses of $1,489 carried forward and $12,301 in non-capital tax losses carried forward available to reduce future Canadian taxable income. The capital losses can be carried forward indefinitely until used. The non-capital losses have an expiry date range of 2022 to 2038. As at December 31, 2018, the Company had no Mexican tax losses available to offset future Mexican taxable income.

28. SUBSEQUENT EVENT

Subsequent to December 31, 2018, the Company issued 835,189 common shares through “at the market” offering under prospectus supplement for gross proceeds of $517. The Company pays a 3% cash commission on gross proceeds and incurred $15 in issuance costs during the period, for net proceeds of $502.

SIGNATURE

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Annual Report on its behalf.

AVINO SILVER & GOLD MINES LTD.

Date: March 21, 2019

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

CONSULTING AGREEMENT

THIS AGREEMENT is dated for reference the **1st day of January, 2019** (the "**Effective Date**").

BETWEEN:

AVINO SILVER & GOLD MINES LTD., a company duly incorporated pursuant to the laws of the Province of British Columbia and having its head office at Suite 900 – 570 Granville Street, Vancouver, British Columbia V6C 3P1

(the "**Company**")

AND:

INTERMARK CAPITAL CORP., a company duly incorporated pursuant to the laws of the Province of British Columbia and having an office at Suite 900 – 570 Granville Street, Vancouver, British Columbia V6C 3P1

(the "**Consultant**")

WHEREAS:

A. The Company is a mining and exploration company, whose common shares are listed on the Toronto Stock Exchange and NYSE American;

B. The Consultant provides management and financial consulting services to exploration and development companies, and the principal shareholder of the Consultant, David Wolfin (the "**Principal**"), has been the President and Chief Executive Officer and a director of the Company; and

C. The Company wishes to engage the management and financial services of the Consultant, and the Consultant wishes to be engaged by the Company, to perform the functions of a management consultant to the Company as set forth herein below.

NOW THEREFORE, in consideration of the premises and the covenants and agreements of the parties hereto as hereinafter set forth, and for other good and reliable consideration, the sufficiency of which is hereby acknowledged by the parties, the parties hereto covenant and agree as follows:

1. ENGAGEMENT OF CONSULTANT

1.1 The Company hereby appoints and engages the Consultant as a consultant with respect to the Services (as defined below) and the Consultant hereby accepts such appointment and engagement by the Company, all upon and subject to the terms and conditions of this Agreement.

2. SERVICES OF CONSULTANT

2.1 During the Term (as defined below), the Consultant shall provide to the Company advisory and consulting services as more particularly set forth in **Schedule "A"** or as the Company may request from time to time (collectively, the "**Services**").

2.2 The Consultant shall at all times and in all respects do its utmost to enhance and develop the business interests and welfare of the Company.

2.3 The Consultant shall be subject to such supervision as may be imposed by the Company in its sole discretion, and the Consultant shall furnish regular reports and any other data and information relating to the Services as may, from time to time, be requested by the Company.

2.4 The Consultant shall provide its services to the Company.

3. FEES

3.1 The Company will pay the Consultant basic remuneration for its services in the sum of **$25,000** per month, based on 150 hours per month at an hourly rate of **$166.66** (the "**Consulting Fee**") commencing on the **1st day of January, 2019**, and payable on the last day of each month thereafter up to and including the **31st day of December, 2021** together with any such increments thereto as the Compensation Committee of the Board of Directors of the Company may from time to time determine. In addition, the Company will pay to the Consultant all reasonable expenses of the Consultant as agreed to from time to time which are incurred by the Consultant in delivery of the Services, based on monthly invoices submitted to the Company, including copies of all paid receipts; plus harmonized sales taxes or goods and services taxes, as the case may be, in addition to the Consulting Fees, which taxes will be remitted by the Consultant to the Canada Revenue Agency.

4. TERM AND RENEWAL

4.1 During the term of this Agreement, the Consultant shall provide its Services to the Company through its Principal, and the Consultant shall ensure that the Principal will be available to provide such Services to the Company in a timely manner.

4.2 The term of this Agreement is for a period of three **(3) years** (the "**Term**") commencing on the Effective Date and, unless terminated earlier in accordance with the termination provisions of this Agreement, ending on **December 31, 2021**.

5. TERMINATION

5.1 This Agreement can be terminated at any time prior to the expiry of the Term, as follows:

(a) by the Consultant electing to give the Company not less than 3 months prior notice of such termination;

(b) by the Company electing to give the Consultant 3 months prior notice of such termination along with a termination payment equal to the annual Consulting Fee; and

(c) by the Consultant electing to give the Company notice, in the event that there occurs a Change of Control (as defined below) within six (6) months of the effective date of such Change of Control, and if the Consultant so elects to terminate this Agreement, then the Consultant will be immediately entitled to a **termination payment equal to CDN$2 million**

For the purpose of this clause, a Change of Control shall be deemed to have occurred when:

(i) any person, entity or group becomes the beneficial owner of 20% or more of the combined voting power of the Company's then outstanding voting securities entitled to vote generally in the election of directors, and such person, entity or group uses such effective voting control to change a majority of the Board of Directors of the Company, either all at once or through any series of elections and appointments when considered together; or

(ii) completion of the sale or other disposition by the Company of all or substantially all of the Company's assets or a reorganization or merger or consolidation of the Company with any other entity or corporation, other than:

(A) a reorganization or merger or consolidation that would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent, either by remaining outstanding or by being converted into voting securities of another entity, more than 50.1% of the combined voting power of the voting securities of the Company or such other entity outstanding immediately after such reorganization or merger or consolidation; or

(B) a reorganization or merger or consolidation effected to implement a recapitalization or reincorporation of the Company (or similar transaction) that does not result in a material change in beneficial ownership of the voting securities of the Company or its successor.

5.2 On any termination of this Agreement under Section 5.1(a), (b), or (c) all outstanding stock options granted to the Consultant shall be exercisable in accordance with the terms of the option agreements covering such grants. If there is any inconsistency between the terms of this Agreement and the terms of any stock option agreement governing the grant of any stock options to the Consultant or the Principal, then the terms of such stock option agreement shall prevail.

5.3 This Agreement and the Term shall terminate automatically, without any prior notice or any payment to the Consultant, in the event that:

(a) the three year Term expires on **December 31, 2021**;

(b) the Consultant should no longer be able to provide the Services through the Principal for any reason;

(c) upon the death or permanent incapacity of the Principal; or

(d) The Consultant commits any material breach of this Agreement which breach is not remedied within 30 days after notice to the Consultant of such breach.

6. CONFIDENTIALITY

6.1 The Consultant acknowledges and agrees that in the performance of its obligations under this Agreement, it may obtain knowledge of Confidential Information (as defined below) relating to the business or affairs of the Company or its affiliated companies (the "**Affiliated Companies**"). The Consultant and the Principal shall not, without the prior written consent of the Company, either during the Term or at any time thereafter:

(a) use or disclose any Confidential Information outside of the Company or the Affiliated

Companies;

(b) except in undertaking the Services, remove or aid in the removal from the premises of the Company or any of the Affiliated Companies any Confidential Information or any property or material relating thereto; or

(c) use the Confidential Information for any purpose other than in performing the Services.

6.2 The Consultant shall exercise a reasonable degree of care in safeguarding the aforementioned Confidential Information against loss, theft, or other inadvertent disclosure, and further agrees to take all reasonable steps necessary to ensure the maintenance of confidentiality.

6.3 Upon the termination of this Agreement, or upon the Company's earlier request, the Consultant and the Principal shall promptly deliver to the Company all of the Confidential Information that the Consultant and the Principal may have in their possession or control.

6.4 In this Agreement, "**Confidential Information**" shall mean any information or knowledge including, without limitation, any document, materials, know how, discovery, strategy, method, idea, client list, marketing strategy or employee compensation, or copies or adaptations thereof, that relates to the business or affairs of the Company and / or the Affiliated Companies; and is private or confidential in that it is not generally known or available to the public. Without limiting the generality of the forgoing "Confidential Information" will include:

(a) information regarding the Company and the Affiliated Companies' business operations, methods and practices, including marketing strategies, product pricing, margins and hourly rates for staff, costs and all information regarding the financial affairs of the Company and the Affiliated Companies;

(b) all information related to the mineral exploration interests of the Company and the Affiliated Companies including maps, data, records, reports, technical studies, drill hole logs, calculations, opinions, charts, drawings, sketches, plans, documents, summaries, memoranda, analysis and all geological or technical information;

(c) all information related to the properties, projects, facilities, equipment and other assets used in the business of the Company and the Affiliated Companies, and all information related to the exploration or development of (or potential exploration or development of) the Company and the Affiliated Companies' properties or projects, including without limitation any properties or projects in respect of which the Company has made any application or is in any negotiations for the acquisition of an ownership, leasehold or other interest in;

(d) terms of the Company and the Affiliated Companies' relationship with, its investors, (if not otherwise publically available), partners, clients, suppliers of products or services, and the Company and the Affiliated Companies' referral sources;

(e) all information concerning exploration, financing or other business opportunities of the Company and the Affiliated Companies, including all projects, ventures or joint ventures considered by the Company and the Affiliated Companies, whether or not pursued; and

(f) all trade secrets or other confidential or proprietary information of the Company and the Affiliated Companies including, business plans, concepts, techniques, processes, designs, data, software programs, formulae, development or experimental work, work in process

or other know-how.

6.5 Confidential Information shall specifically not include anything that:

(a) is in or enters lawfully into the public domain other than as a result of a disclosure by the Consultant or the Principal;

(b) becomes available to the Consultant on a non-confidential basis from a source other than the Company or the affiliated Companies, or any of its representatives, and that source was not under any obligation of confidentiality; or

(c) the Consultant is required to disclose pursuant to an order of a court of competent jurisdiction or by the operation of law; provided that, the Consultant provides prompt prior written notice to the Company of such required disclosure and of the action which is proposed to be taken in response. In such an event, and only after the Consultant shall have made a reasonable effort to obtain a protective order or other reliable assurance affording such information confidential treatment, the Consultant shall furnish only that portion of the Confidential Information which it is required to disclose.

7. NON-SOLICITATION

7.1 The Consultant covenants, undertakes and agrees with the Company that during the Term and for a period of one year from the date of expiration or termination of this Agreement for any reason whatsoever, it shall not, on its own behalf or on behalf of any person, whether directly or indirectly, in any capacity whatsoever, offer employment to or solicit the employment of or otherwise entice away from the employment of the Company or any of the Affiliated Companies, any individual who is employed or engaged by the Company or any of the Affiliated Companies at the date of expiration or termination of this Agreement or who was employed or engaged by the Company or any of the Affiliated Companies, within the one year period immediately preceding the date of expiration or termination of this Agreement, as applicable.

7.2 The Consultant acknowledges and agrees that the above restriction on non-solicitation is reasonable and necessary for the proper protection of the businesses, property and goodwill of the Company and the Affiliated Companies.

8. DISCLOSURE AND ASSIGNMENT OF PROJECTS AND WORKS

8.1 The Consultant agrees that all discoveries, maps, technical studies, plans, spreadsheets, documents, inventions, copyright, software, improvements, know-how or other intellectual property, whether or not patentable or copyrightable, created by the Consultant during the Term of this Agreement pertaining to any service, matter, thing, process or method related to this Agreement (the "**Works**") will be the sole and absolute property of the Company. The Consultant will keep and maintain adequate and current written records of all Works made, which records will be available at all times to the Company and will remain the sole property of the Company.

8.2 The Consultant will assist the Company in obtaining and enforcing, for the Company's own benefit, patents, copyrights and any other protections in any and all countries for any and all Works made by the Consultant (in whole or in part) the rights to which belong to or have been assigned to the Company. The Consultant agrees, upon request, to execute all applications, assignments, instruments and papers and perform all acts that the Company or its counsel may deem necessary or desirable to obtain any and all patents, copyrights or other protection in such

Works and otherwise to protect the interests of the Company therein.

9. COMPLIANCE WITH LAWS

9.1 The Services undertaken by the Consultant under this Agreement shall be in full compliance with all applicable laws and consistent with a high degree of business ethics.

10. INDEMNIFICATION

10.1 The Consultant shall indemnify and save harmless the Company for any demonstrated losses, damages, costs or other amounts, including without limitation reasonable legal fees, suffered or incurred by the Company arising out of third party claims relating to the presence or activities of the Consultant or its representatives in performing the Services to the extent that such losses, damages, costs or other amounts are caused by:

(a) any breach of the Consultant's obligation in Section 9 herein; and

(b) any negligence, wilful misconduct or fraud on the part of the Consultant in performing the Services.

10.2 Subject to the Consultant's obligation to indemnify the Company under this Section 10, and provided that the Consultant has not breached Section 9, the Company shall indemnify and save harmless the Consultant for any demonstrated losses, damages, costs or other amounts, including without limitation reasonable legal fees, suffered or incurred by the Consultant arising out of third party claims relating to the presence or activities of the Consultant and/or its representatives in performing the Services to the extent that such losses, damages, costs or other amounts are caused by the negligence, wilful misconduct or fraud on the part of the Company.

10.3 Neither the Company nor the Consultant shall be liable for any consequential loss, including but not limited to, claims for loss of profit, revenue or capital, loss of use of utilities, equipment or facilities, down-time cost, service interruption, cost of money, injury or damage of any character whatsoever.

11. REMEDIES

11.1 The Consultant acknowledges and agrees that any breach of this Agreement by it could cause irreparable damage to the Company and / or the Affiliated Companies and that in the event of a breach by the Consultant, the Company shall have in addition to any and all other remedies at law or in equity, the right to an injunction, specific performance or other equitable relief to prevent any violation by the Consultant of any of the provisions of this Agreement. In the event of any such dispute, the Consultant agrees that the Company shall be entitled, without showing actual damages, to a temporary or permanent injunction restraining conduct of the Consultant pending a determination of such dispute and that no bond or other security shall be required from the Company in connection therewith. The Consultant acknowledges and agrees that the remedies of the Company specified in this Agreement are in addition to and not in substitution for any other rights and remedies of the Company at law or in equity and that all such rights and remedies are cumulative and not alternative or exclusive of any other rights or remedies and that the Company may have recourse to any one or more of its available rights and remedies as it shall see fit.

12. RELATIONSHIP

12.1 The Company and Consultant each acknowledge and agree that the only relationship of the

Consultant to the Company created by this Agreement shall for all purposes be that of a contractor, and all persons employed or engaged by the Consultant, including David Wolfin in connection herewith shall for all purposes be considered to be employed or engaged, as applicable, by the Consultant and not by the Company. The Company shall have no obligation whatsoever to pay or compensate the Consultant and/or any representative of the Consultant including David Wolfin, for taxes of any kind whatsoever that arise out of or with respect to any Consulting Fee, or any other fee, remuneration or compensation provided to the Consultant under this Agreement.

12.2 The Consultant shall fully indemnify and hold harmless the Company from and against all assessments, claims, liabilities, costs, expenses and damages that the Company and / or any of the Affiliated Companies may suffer or incur with respect to any such taxes or benefits. For greater clarity, the Consultant is solely responsible for the deduction and remissions of income tax, pension and employment insurance in respect of any employees retained by the Consultant to perform the services under this Agreement. Furthermore, if these amounts are not remitted, the Consultant will, in addition to any other provision under this Agreement, indemnify and hold harmless the Company, its subsidiaries, affiliates and their respective directors and officers from and against any claim for taxes, penalties and for withholding of funds by the applicable tax, worker's compensation, employment standards and insurance agencies or any other government agency with respect to any amount found to be payable by the Company to such agency or commission in respect of the Consultant's provision of services under this Agreement, including any legal fees incurred by the Company in defending such claims.

13. SURVIVAL OF TERMS

13.1 Sections 6 through 12, inclusive, and this Section 13, shall survive and remain in force notwithstanding the expiration or other termination of this Agreement for any reason whatsoever. Any expiration or termination of this Agreement shall be without prejudice to any rights and obligations of the parties hereto arising or existing up to the effective date of such expiration or termination, or any remedies of the parties with respect thereto.

14. LIMITED AUTHORITY AS AGENT

14.1 Unless otherwise agreed to in writing by the parties, the Consultant may not act as an agent of the Company; however, this does not and is not intended to restrict the powers of the Principal to act as President and Chief Executive Officer of the Company in any way. Without limiting the generality of the foregoing, the Consultant shall not commit or be entitled to commit the Company to any obligation whatsoever nor shall the Consultant incur or be entitled to incur any debt or liability whatsoever on behalf of the Company, except as otherwise agreed to by the Company.

15. NO ASSIGNMENT

15.1 Neither this Agreement nor any of the rights of any of the parties under this Agreement shall be assigned without the written consent of all the parties.

16. SUCCESSORS AND ASSIGNS

16.1 The Agreement shall enure to the benefit of and be binding upon the parties and their respective heirs, executors, administrators, successors and permitted assigns, as the case may be.

17. WAIVER

17.1 Any waiver of any breach or default under this Agreement shall only be effective if in writing signed by the party against whom the waiver is sought to be enforced, and no waiver shall be implied by indulgence, delay or other act, omission or conduct. Any waiver shall only apply to the specific matter waived and only in the specific instance in which it is waived.

18. GOVERNING LAWS

18.1 Unless otherwise agreed to in writing by the parties, the Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein, and the parties hereto submit and attorn to the jurisdiction of the courts of the Province of British Columbia.

19. FURTHER ASSURANCES

19.1 Each of the parties shall, on request by the other party, execute and deliver or cause to be executed and delivered all such further documents and instruments and do all such further acts and things as the other party may reasonably require to evidence, carry out and give full effect to the terms, conditions, intent and meaning of this Agreement and to ensure the completion of the transactions contemplated hereby.

20. NOTICES

20.1 All notices required or permitted under this Agreement shall be in writing and shall be given by delivering such notice or mailing such notice by pre-paid registered mail, by facsimile transmission or electronic mail to the addresses provided under the names of each party on the first page to this Agreement. Any such notice or other communication shall, if delivered, be deemed to have been given or made and received on the date delivered (or the next business day if the day of delivery is not a business day), and if mailed, shall be deemed to have been given or made and received on the fifth business day following the day on which it was so mailed and if faxed (with confirmation received) shall be deemed to have been given or made and received on the day on which it was so faxed (or the next business day if the day of sending is not a business day). The parties may give from time to time written notice of change of address in the manner aforesaid.

21. CONSTRUCTION

21.1 In this Agreement, unless otherwise indicated:

(a) "**Agreement**" means this Consulting Agreement;

(b) the words "**include**", "**including**" or "**in particular**", when following any general term or statement, shall not be construed as limiting the general term or statement to the specific items or matters set forth or to similar items or matters, but rather as permitting the general term or statement to refer to all other items or matters that could reasonably fall within the broadest possible scope of the general term or statement;

(c) "**herein**", "**hereby**", "**hereunder**", "**hereof**", "**hereto**" and words of similar import, refer to this Agreement as a whole and not to any particular Section of this Agreement.

(d) a reference to a statute means that statute, as amended and in effect as of the date hereof, and

includes each and every regulation and rule made thereunder and in effect as of the date hereof, and includes all amendments thereof given effect from time to time;

(e) a reference to a Section means, unless the context otherwise requires, that specific Section in Agreement;

(f) a reference to a "**consent**", "**notice**" or "**agreement**" means a consent, notice or agreement, as the case may be, by an authorized representative of the party or parties thereto;

(g) where a word, term or phrase is defined herein, its derivatives or other grammatical forms have a corresponding meaning;

(h) all words, other than defined terms, used in this Agreement, regardless of the number and gender in which they are used, shall be deemed and construed to include the singular or the plural and the masculine, feminine or body corporate, as the context may require;

(i) time is of the essence;

(j) in the event that any date on which any action is required to be taken hereunder by any of the parties hereto is not a business day, such action shall be required to be taken on the next succeeding day which is a business day;

(k) references to a "**party**" or "**parties**" are references to a party or parties to this Agreement;

(l) the headings in this Agreement form no part of this Agreement and shall be deemed to have been inserted for convenience only;

(m) unless otherwise agreed to in writing by the parties, all dollar amount referred to herein are expressed in Canadian dollars; and

(n) the Effective Date of this Agreement shall be **January 1, 2016**, despite the actual date of execution of this Agreement.

22. SEVERABILITY

22.1 If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, illegal or unenforceable, then to the fullest extent permitted by law:

(a) all other provisions of this Agreement shall remain in full force and effect in such jurisdiction and shall be liberally construed in order to carry out the intentions of the parties as nearly as may be possible; and

(b) such invalidity, illegality or unenforceability shall not affect the validity, legality or enforceability of such provision in any other jurisdiction.

23. COUNTERPARTS AND FACSIMILE

23.1 This Agreement may be executed in one or more counterparts and delivered by facsimile, each of which when so executed shall constitute an original and all of which together shall constitute one and the same agreement.

24. INDEPENDENT LEGAL ADVICE

24.1 The Company has recommended to the Consultant that it obtain independent legal advice prior to signing this Agreement. The Consultant acknowledges that it has received independent legal advice or have waived the opportunity to do so and have elected to proceed without benefit of same.

IN WITNESS WHEREOF this Agreement has been executed as of the Effective Date.

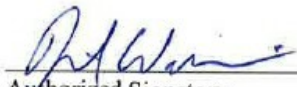
AVINO SILVER & GOLD MINES LTD.

Per:

Authorized Signatory

INTERMARK CAPITAL CORP.

Per:



Authorized Signatory

THIS IS **SCHEDULE "A"** TO THE CONSULTING AGREEMENT
BETWEEN AVINO SILVER & GOLD MINES LTD. AND INTERMARK CAPITAL CORP.

Description of Consulting Services:

The Consultant shall provide management and financial consulting services, including the supervision of the senior management, all staff, and all field personnel of the Company, whether employees or consultants, strategic planning and property acquisitions, strategic financial planning and annual budget reviews, as well as the implementation and monitoring of the Company's compliance with continuous reporting requirements, internal controls over accounting systems and financial reporting to the Company.

Duties and Responsibilities:

The Executive shall serve the Company as an executive officer in the position of President and Chief Executive Officer.

The Executive shall report to the Board and shall undertake and perform the following duties and responsibilities:

- actively engage with the Board to ensure that the initiatives of the management team are aligned with the strategic direction and objectives for the Company that have been established by the Board;
- provide overall direction for the Company in order for it to implement agreed strategies in order to meet Company goals and objectives;
- provide shareholder and investor communication and manage key investment banking and institutional relationships;
- make decisions in line with organizational goals, leading to desired results, and will be responsible and accountable for results;
- create and sustain the organizational culture and environment needed to achieve objectives and results and recruit and retain a high performance operating team;
- oversee the implementation and monitoring of internal controls, reporting compliance obligations, sign off on CEO Certificates for the interim and annual financial statements and setting environmental protection policies; and
- such other duties and responsibilities as may be assigned or vested in him by the Board from time to time and which are consistent with the duties and responsibilities of a President and Chief Executive Officer.

The Executive agrees, during the continuance of his employment, to devote sufficient working time, services, skill and ability to such employment and to serve at all times with loyalty and honesty in the best interests of the Company. The Executive acknowledges that the position of President and CEO will involve significant travel for business development and for investor relations.

AVINO SILVER & GOLD MINES LTD.

RESTRICTED SHARE UNIT PLAN

April, 2016

(Approved by the Board of Directors on April 15, 2016.)
(Approved by the Shareholders on May 27, 2016.)

TABLE OF CONTENTS

ARTICLE 1
PURPOSE

1.1 **Purpose**

The purpose of the Plan is to assist the Corporation and its Related Entities in attracting and retaining individuals with experience and exceptional skill, to allow selected executives, key employees, consultants and directors of the Corporation or a Related Entity to participate in the long term success of the Corporation or the Related Entity and to promote a greater alignment of interests between the participants designated under this Plan and the shareholders of the Corporation.

ARTICLE 2
DEFINITIONS

2.1 **Definitions**

For purposes of the Plan, the terms contained in this Article 2 shall have the following meanings.

(a) "**Administrator**" means the person or persons appointed from time to time by the Corporation to administer this Plan.

(b) "**Board**" means the board of directors of the Corporation, as constituted from time to time.

(c) "**business day**" means a day, other than Saturday, Sunday or a day on which the principal commercial banking institutions in Vancouver, British Columbia are, or the Exchange is, closed.

(d) "**Change in Control**" means:

(i) an acquisition of securities of the Corporation (including securities convertible into Common Shares and/or other securities of the Corporation ("**Convertible Securities**")) as a result of which a person or group other than one or more present control persons (as defined in the *Securities Act* (British Columbia) in respect of the Corporation (an "**Acquiror**") owns beneficially Common Shares or other securities of the Corporation and/or Convertible Securities such that, assuming the conversion of Convertible Securities owned beneficially by the Acquiror but not by any other holder of Convertible Securities, the Acquiror would own beneficially (A) not less than 20% of the Common Shares or (B) shares which would entitle the holders thereof to cast not less than 20% of the votes attaching to all shares in the capital of the Corporation which may be cast to elect directors of the Corporation;

(ii) an amalgamation, merger or other business combination of the Corporation with or into any one or more other corporations, other than: (A) an amalgamation, merger or other business combination of the Corporation with or into a Related Entity; or (B) an amalgamation, merger or other business combination of the Corporation unanimously recommended by the Board provided that the former holders of Common Shares receive, in the aggregate and in their capacities as such, shares of the amalgamated, merged or resulting entity having attached thereto not less than 20% of the votes attached to all shares of such amalgamated, merged or resulting entity;

(iii) the election at a meeting of the Corporation's shareholders of that number of persons which would represent a majority of the Board as Directors, who are not included in the slate for election as Directors proposed to the Corporation's shareholders by management of the Corporation or a transaction or series of transactions as a result of which a majority of the Directors are removed from office at any annual or special meeting of shareholders, or a majority of the Directors resign from office over a period of 60 days or less, and the vacancies created thereby are filled by nominees proposed by any person other than Directors or management of the Corporation in place immediately prior to the removal or resignation of the Directors;

(iv) the completion of any transaction or the first of a series of transactions which would have the same or similar effect as any transaction or series of transactions referred to in subsections (i), (ii) or (iii) referred to above; or

(v) a determination by the Board that there has been a change, whether by way of a change in the holding of the Common Shares, in the ownership of the Corporation's assets or by any other means, as a result of which any person or group of persons acting jointly or in concert is in a position to exercise effective control of the Corporation.

(e) "**CIC Share**" means the following with respect to each Covered RSU:

(i) the sum of: (A) the number of Consideration Shares (as defined below), rounded to the nearest whole number, that is equal to the product of (x) one Common Share multiplied by (y) the number of Consideration Shares (as defined below) received by the shareholders of the Corporation in respect of one Common Share, if, in connection with the transaction constituting the Change in Control, the shareholders of the Corporation exchange their Common Shares for, or otherwise convert their Common Shares into, shares of equity securities of the acquiror (or its direct or indirect parent) (such shares of equity securities, the "**Consideration Shares**"); and (B) the amount, if any, that is equal to the product of (x) one Common Share multiplied by (y) any cash or other property, the fair market value of which shall be determined by the Board (as constituted immediately prior to the effective date of such Change in Control), received by the shareholders of the Corporation in respect of one Common Share, in connection with such transaction; and

(ii) in the case of all other transactions constituting the Change in Control, one Common Share, as adjusted pursuant to Article 7 hereof in connection with such transaction, if applicable; and, in each case, as further adjusted pursuant to Article 7, if applicable, in respect of covered events occurring after such Change in Control.

(f) "**Committee**" means the Compensation Committee of the Board or such other committee of the Board comprised of members of the Board as the Board shall from time to time appoint to administer the Plan.

(g) "**Common Shares**" means the common shares in the capital of the Corporation, or in the event of an adjustment contemplated by Article 7 hereof, such other shares or securities to which the Participant may be entitled under the Grant.

(h) "**Consultant**" means a consultant as such term is defined in National Instrument 45- 106 *Prospectus and Registration Exemptions*, Division 4.

(i) "**Corporation**" means Avino Silver & Gold Mines Ltd. and includes any successor corporation thereof.

(j) "**Covered RSU**" means, with respect to each Grant that is outstanding on the effective date of a Change in Control, the number of RSUs that would have been issued to a Participant on the applicable Release Date and settled in the form of RSU Shares (or cash equivalent, as applicable) had (A) the Participant continued in the employment or service of the Corporation until such Release Date and (B) subject to the sole discretion of the Board, all Performance Criteria, if any, applicable to such Grant (determined without regard to the occurrence of the Change in Control) been met during the applicable Performance Period, if any.

(k) "**Designated Person**" means a Director, Officer, Employee, or Consultant who is designated by the Committee as being eligible for participation in the Plan.

(l) "**Director**" means a non-executive director of the Corporation or a director of a Related Entity.

(m) "**Effective Date**" means, unless otherwise determined by the Board when confirming a Grant, the date determined by the Committee, in accordance with Article 5 hereof, as being the date on which such Grant shall take effect, provided that the Effective Date shall not be a date prior to the date on which the Board confirms the Grant and, unless otherwise determined, the Effective Date will be the date on which the Board confirms the Grant.

(n) "**Employee**" means an individual (other than a Director or Officer) who:

(i) works for the Corporation or a Related Entity on a continuing and regular basis for a minimum amount of time per week providing services specified by the Corporation or the Related Entity and is subject to the control and direction of the Corporation or the Related Entity regarding both the method of performing or executing the services and the result to be effected,

(ii) works full-time for the Corporation or a Related Entity providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or the Related Entity over the details and method of work as an employee of the Corporation or the Related Entity, and for whom income tax deductions are made at source, or

(iii) works for the Corporation or a Related Entity on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or the Related Entity over the details and method of work as an employee of the Corporation or the Related Entity, but for whom income tax deductions are not made at source.

(o) "**Exchange**" means the TSX Venture Exchange, NYSE MKT, or such other stock exchange on which such Common Shares are listed and posted for trading as may be selected for such purpose by the Board.

(p) "**Exchange Hold Period**" means a four month resale restriction imposed by TSXV.

(q) **"Grant**" means an award of RSUs allocated to a Designated Person in respect of services rendered to the Corporation or Related Entity in the year of such Grant in accordance with Article 5 hereof.

(r) "**Investor Relations Activities**" has the meaning set forth in section 1 of Policy 1.1 of the TSXV's Corporate Finance Manual, as amended from time to time.

(s) "**Market Price**" as at any date in respect of the Common Shares means the closing volume-weighted average price of the Common Shares on the Exchange for the five trading days immediately preceding such date, but if such Common Shares did not trade on such trading days, the Market Price shall be average of the bid and ask prices in respect of such Common Shares at the close of trading on such trading day.

(t) "**Officer**" means a chairman or vice-chairman of the Board, chief executive officer, chief operating officer, chief financial officer, president, vice president, secretary, assistant secretary, treasurer, assistant treasurer and a general manager of the Corporation or of a Related Entity and any person routinely performing corresponding functions with respect to the Corporation or a Related Entity.

(u) "**Participant**" means a Designated Person to whom a Grant has been made in accordance with Article 5 hereof.

(v) "**Performance Criteria**" means criteria established by the Committee in respect of each Grant, if any, which, without limitation, may include criteria based on the financial performance of the Corporation and/or any Related Entity thereof.

(w) "**Performance Period**" means the period established by the Committee in respect of each Grant, if any, which period shall commence and end on the dates designated by the Committee.

(x) "**Permanent Disability**" means a mental or physical disability which has caused the substantial withdrawal of the Participant's effective services to the Corporation or Related Entity, as the case may be, for six consecutive months or a cumulative period of twelve months over a period of thirty-six consecutive months, or such other permanent disability of a Participant and/or for such other period as determined by the Committee in its sole and absolute discretion.

(y) "**Plan**" means this Restricted Share Unit Plan as the same may be further amended from time to time.

(z) "**Related Entity**" means, with regard to the Corporation, a person that controls or is controlled by the Corporation or that is controlled by the same person that controls the Corporation.

(aa) "**Release Date**" means in respect of each Grant, unless otherwise determined by the Committee, the tenth business day following the occurrence of the event giving rise to the issuance of the RSU Shares in accordance with the provisions of the Plan, or pursuant to the vesting provisions or Performance Period of the RSUs.

(bb) "**Retirement**" means withdrawal from the Participant's occupation or office with the Corporation or a Related Entity with no intention to return to the workforce, provided that Retirement prior to the age of 60 shall be subject to the Board's review and discretion.

(cc) "**RSU**" means a restricted share unit allocated to a Designated Person in accordance with Article 5 hereof which shall, upon issuance in accordance with and subject to the provisions of the Plan, entitle the holder thereof to receive one RSU Share.

(dd) "**RSU Grant Agreement**" means each agreement with a Participant containing the terms and conditions of each Grant, such agreement to be in form and substance similar to the form of Restricted Share Unit Grant Agreement contained in Schedule A hereof.

(ee) "**RSU Shares**" means the Common Shares delivered to Participants in accordance with the provisions of the Plan in settlement of RSUs issued under the Plan.

(ff) "**TSXV**" means the TSX Venture Exchange; and

(gg) "**U.S. Securities Act**" has the meaning ascribed to it in Section 9.1 herein.

2.2 **Interpretations**

Any reference to the outstanding Common Shares at any point in time shall be computed on a non- diluted basis.

ARTICLE 3
ADMINISTRATION

3.1 **Committee**

The Plan shall be administered by the Committee under the supervision of the Board.

In addition to the other powers granted to the Committee under the Plan and subject to the terms of the Plan, the Committee shall have full and complete authority to interpret the Plan. The Committee may from time to time prescribe such rules and regulations and make all determinations necessary or desirable for the administration of the Plan. In particular, the Committee shall select the Designated Persons to whom it recommends Grants shall be made and shall determine the amounts and terms of the Grants (including the related Performance Criteria, if any, and the formula, if any, to be used to determine the number of RSUs to be issued based on the level of achievement of such Performance Criteria), and the extent to which the Performance Criteria to be achieved during the Performance Period, if any, has been achieved. Any such interpretation, rule, determination or other act of the Committee and/or the Administrator shall be conclusively binding upon all persons, including the Participants and their legal representatives and beneficiaries.

3.2 **Delegation of Administration**

The Committee may, subject to the terms of the Plan, delegate to third parties, including the Administrator if one is appointed, the whole or any part of the administration of the Plan and shall determine the scope of such delegation. Any decision made by the Committee or the Administrator in carrying out its responsibilities with respect to the administration of the Plan shall be final and binding on the Participants.

3.3 **Limitation of Liability**

No member of the Committee or the Board shall be liable for any action or determination made in good faith pursuant to the Plan. To the full extent permitted by law, the Corporation shall indemnify and save harmless each person made, or threatened to be made, a party to any action or proceeding by reason of the fact that such person is or was a member of the Committee or is or was a member of the Board and, as such, is or was required or entitled to take action pursuant to the terms of the Plan.

3.4 **Fees**

Except as Participants may otherwise be advised by prior written notice of at least 30 days, all costs of the Plan, including any administration fees, shall be paid by the Corporation; provided, however, the Corporation's responsibility for administration fees does not include tax consequences to the Participant of his/her receipt of RSUs or RSU Shares, which shall be the exclusive responsibility of the Participant.

ARTICLE 4
RSU SHARES SUBJECT TO THE PLAN

The Corporation shall not be required to issue and/or cause to be delivered Common Shares or issue and/or cause to be delivered certificates evidencing Common Shares to be delivered pursuant to the Plan unless and until such issuance and delivery is in compliance with all applicable laws, regulations, rules, orders of governmental or regulatory authorities and the requirements of the Exchange. The Corporation shall not in any event be obligated to take any action to comply with any such laws, regulations, rules, orders or requirements. Subject to the foregoing, the Board may authorize from time to time the issuance by the Corporation of Common Shares from treasury.

ARTICLE 5
GRANTS

5.1 **Maximum Number of Common Shares and Limitations**

The number of RSU Shares issuable under the Plan shall not exceed **870,560** Common Shares, provided that at no time may the combined with the number of Common Shares issuable hereunder, together with all other security-based compensation arrangements of the Corporation, exceed 10% of the issued and outstanding Common Shares as at the date of such Grant.

Notwithstanding anything else contained herein, the number of Common Shares of the Corporation which are (i) issuable at any time, and (ii) issued within any one year period, to any insider (as such term is defined in the TSXV's Corporate Finance Manual) of the Corporation pursuant to the terms of the Plan and under any other security-based compensation arrangement, shall not exceed 5% of the Corporation's total issued and outstanding Common Shares.

Notwithstanding anything else contained herein, the number of Common Shares of the Corporation which are (i) issuable at any time, and (ii) issued within any one year period, to any person performing Investor Relations Activities or a Designated Person performing any other consulting activities for the Corporation pursuant to the terms of the Plan and under any other security-based compensation arrangement, shall not exceed 2% of the Corporation's total issued and outstanding Common Shares.

5.2 **Terms of Grants**

Subject to the provisions of the Plan, the Committee shall, in its sole discretion and from time to time, determine the Designated Persons to whom it recommends that Grants be made based on their current and potential contribution to the success of the Corporation. At such time, the Committee shall also:

(a) determine, in connection with each Grant, the Effective Date thereof and the number of RSUs to be allocated, subject to blackout periods pursuant to Section 5.3 herein.

(b) determine, in connection with each Grant, the vesting dates and the Performance Period, if any, applicable thereto;

(c) determine, in connection with each Grant, the Performance Criteria, if any, to be achieved during the Performance Period in order for RSU Shares to be issued to the Participant; and

(d) determine the other terms and conditions (which need not be identical and which, without limitation, may include conditions on the allocation, issuance and/or settlement of RSUs, and non-competition provisions) of all RSUs covered by any Grant.

Notwithstanding any provisions of this Section 5.2, any Grant and any determination made by the Committee in connection with any such Grant as provided shall be subject to confirmation by the Board, and both the Corporation and the Participant are responsible for ensuring and confirming that the Participant is a *bona fide* Designated Person.

5.3 **Blackout Periods**

The Corporation may from time to time self-impose trading blackouts during which some or all Directors, Officers, Employees, and Consultants may not trade in the securities of the Corporation. In the event that a trading blackout is imposed by management or the Board, in accordance with any insider trading policy that the Corporation may adopt from time to time, Participants subject to the blackouts are prohibited from buying, selling or otherwise trading in securities of the Corporation until such time as notice is formally given by the Corporation that trading may resume.

If the Effective Date of any Grant, or the date of vesting of any Grant, falls within such a blackout period, it shall be automatically extended to the date which is ten business days following the end of such blackout period.

ARTICLE 6
TERMS AND CONDITIONS OF RESTRICTED SHARE UNITS

6.1 **RSU Grant Agreement**

Each Grant shall be evidenced by an RSU Grant Agreement containing the terms and conditions required under the Plan and such other terms and conditions not inconsistent herewith as the Committee may deem appropriate. The Corporation shall deliver a copy of the Plan and the respective RSU Grant Agreement to each Participant who receives any Grant under the Plan before, or as soon as practicable after, the time of such Grant. Certificates need not be issued with respect to RSUs covered by a Grant or RSUs when issued. The Corporation or the Administrator shall maintain records showing the number of RSUs allocated to each Participant under the Plan. The RSU Grant Agreement may deal with some or all of the matters set forth in the remainder of this Article 6.

6.2 **Number of RSUs and Entitlement to Common Shares**

Each RSU Grant Agreement shall state the number of RSUs allocated to the Participant and state that each such RSU shall upon vesting, subject to and in accordance with the terms of the Plan, entitle the Participant to receive one RSU Share, subject to the provisions of Section 10.2 with respect to withholding taxes, pension plan contributions, employment insurance premiums or other deductions.

6.3 **Performance Criteria**

Each RSU Grant Agreement shall describe the Performance Criteria, if any, for the Performance Period, if any, established by the Committee that must be achieved for RSU Shares to be issued to the Participant.

6.4 **Vesting and Settlement of RSUs**

(a) Subject to any employee benefit or other share compensation plan approved by the Board, the Committee shall prescribe the terms and conditions of vesting of each Grant and the vesting period; provided that for any person performing Investor Relations Activities for the Corporation such vesting period must vest in stages over a period of not less than 12 months with no more than ¼ of the RSUs vesting in any three month period. The Corporation must publicly announce by press release at the time of the Grant, any RSUs granted to Designated Persons who undertake Investor Relations Activities.

Provided that the Participant is continuously employed with, or providing services to, the Corporation from the Effective Date of such Grant to the Release Date, the Participant shall be entitled to receive on the applicable Release Date, in full settlement of the RSUs that have vested, a number of RSU Shares equal to such number of RSUs vested, all in accordance with Section 6.2 herein and subject to the provisions of Section 10.2 with respect to withholding taxes, pension plans contributions, employment insurance premiums or other deductions.

6.5 Rights in the Event of Death, Retirement or Termination of Employment or Service

Unless otherwise determined by the Committee:

Death

(a) Subject to Section 6.5(b), in the event of the death of a Participant while in the employment or service of the Corporation, the deceased Participant's estate shall receive, with respect to each Grant then outstanding to such Participant for which RSU Shares have not otherwise been issued prior to the date of death, an RSU settlement in the form of RSU Shares on the next Release Date on which all or a portion of the RSU Shares would otherwise be issued, if at all, in accordance with the Plan had the Participant not died and continued in the employment or service of the Corporation or the Related Entity, as applicable, until such Release Date.

(b) If Performance Criteria are attached to any deceased Participant's RSU, in the event of death of a Participant following the end of the Performance Period, if any, but prior to a Release Date, the Committee shall determine in its sole discretion the number of RSU Shares to be delivered to the Participant's estate with respect to such RSUs.

Any remaining RSUs for which settlement has not been made as aforesaid, shall be forfeited and shall terminate.

Termination Without Cause, Retirement or Permanent Disability

(c) In the event of termination without cause, Retirement or Permanent Disability of a Participant, with respect to each Grant then outstanding to such Participant for which RSU Shares have not been issued prior to the date of termination without cause, Retirement or Permanent Disability, the RSU Shares covered by any such Grant shall be issued to the Participant in accordance with and subject to the Plan, on a *pro rata* basis to reflect the proportion of the Performance Period of the Grant worked by the Participant prior to such termination without just cause, Retirement or Permanent Disability.

Any remaining RSUs for which settlement has not been made as aforesaid, shall be forfeited and shall terminate.

For purposes of this provision, the date of termination without cause, Retirement or permanent Disability shall be the last day on which the Participant provides services to the Corporation or Related Entity, as the case may be, at its premises, and not the last day of any notice period or upon which the Corporation or Related Entity pays wages or salaries in lieu of notice of termination, statutory, contractual or otherwise.

Voluntary Resignation or Termination for Cause

(d) In the event a Participant's voluntary resignation (other than due to Retirement) or termination of employment or service for cause and unless otherwise provided in an employment or other service contract between the Participant and the Corporation or a Related Entity, the RSUs covered by each Grant then outstanding to such Participant for which RSU Shares have not been issued prior to such voluntary resignation or termination shall be forfeited and all such Grants shall expire in their entirety. Any such voluntary resignation or termination of employment or service for cause shall not entitle a Participant to any compensation for loss of any benefit under the Plan.

For the purposes of the foregoing paragraph, the date of voluntary resignation or termination shall be the last day upon which the Participant provides services to the Corporation or Related Entity, as the case may be, at its premises and not the last day of any notice period or upon which the Corporation or Related Entity pays wages or salaries in lieu of notice of termination, statutory, contractual or otherwise.

6.6 **Automatic Termination of RSUs**

Subject to Section 6.5, RSUs granted pursuant to the Plan shall terminate automatically on the earlier of:

(a) the date on which such RSUs are issued in the form of RSU Shares, in respect of all of the RSUs granted thereunder; and

(b) the expiry date of such RSUs as determined by the Committee or by law.

6.7 **Rights in the Event of a Change in Control**

In the event of the occurrence of a Change in Control, and unless otherwise determined by the Committee, or otherwise addressed in the Participant's employment or service contract or share compensation plan approved by the Board (which shall have controlling effect), with respect to each Grant outstanding on the effective date of such Change in Control,

(a) Subject to the sole discretion of the Board, all Covered RSUs shall vest as of the effective date of such Change in Control; PROVIDED THAT where a Grant was made to a person providing Investor Relations Activities, the Board's declaration that such RSU Shares be vested, is subject to prior approval of the Exchange. The Board shall give each Participant as much notice as possible of the acceleration of the vesting of the RSUs under this section, except that not less than 5 business days and not more than 35 days' notice is required; and

(b) each Participant shall, on the Release Date which would have applied had the Change in Control not occurred, be entitled to receive from the Corporation, in full settlement of an RSU covered by such Grant, one of the following, at the sole discretion of the Committee, for each Covered RSU:

(i) one CIC Share; or

(ii) the number of Consideration Shares rounded to the nearest whole number, that is equal to the sum of:

(A) the number of Consideration Shares received by the shareholders of the Corporation in respect of one Common Share; and

(B) the number of Consideration Shares that the Board determines represents the fair market value of any cash or other property received by the shareholders of the Corporation in respect of one Common Share;

provided that such Participant is continuously employed by or providing services to the Corporation from the Effective Date of such Grant to the effective date of such Change in Control.

6.8 **Non-Transferability**

The rights or interests of a Participant under the Plan shall not be assignable or transferable, otherwise than by will or the laws governing the devolution of property in the event of death and such rights or interests shall not be encumbered.

6.9 **RSUs Not Common Shares**

Under no circumstances shall a Grant of an RSU be considered a Common Share, nor shall a Grant of an RSU entitle any Participant to the exercise of voting rights, the receipt of dividends or the exercise of any other rights attaching to ownership of a Common Share, until delivery of an RSU Share in settlement of such RSU in accordance with the terms of the Plan. Notwithstanding the foregoing, the Committee may determine the extent to which a Participant may be entitled to exercise any voting rights, receive dividends or exercise any other rights attaching to ownership of such Common Shares.

6.10 **RSU Shares Fully Paid**

RSU Shares, if issued by the Corporation to settle RSUs under the Plan, shall be considered fully paid in consideration of past service that is no less in value than the fair equivalent of the money the Corporation would have received if the RSU Shares had been issued for money.

ARTICLE 7
EFFECTS OF ALTERATION OF SHARE CAPITAL

7.1 **Adjustments**

In the event that:

(a) a dividend shall be declared upon the Common Shares payable in Common Shares of the Corporation;

(b) the outstanding Common Shares shall be changed into or exchanged for a different number or kind of shares or other securities of the Corporation or of another corporation, whether through an arrangement, plan of arrangement, amalgamation or other similar statutory procedure, or a share recapitalization, subdivision or consolidation;

(c) there shall be any change, other than those specified in subparagraphs (a) and (b) of this Section, in the number or kind of outstanding Common Shares or of any shares or other securities into which such Common Shares shall have been changed or for which they shall have been exchanged; or

(d) there shall be a distribution of assets or shares to shareholders of the Corporation out of the ordinary course of business,

then, if the Board shall in its sole discretion determine that such change equitably requires an adjustment in the number of RSUs with respect to which Grants may be made pursuant to the Plan but not yet covered by Grants, of the RSUs then covered by Grants, of the RSUs generally available for Grants under the Plan and of the RSUs available for Grants under the Plan in any calendar year, such adjustment shall be made by the Board and shall be effective and binding for all purposes.

7.2 **No Fractional RSUs**

No adjustment provided for in this Section shall entitle a Participant to be allocated a fractional RSU, or receive a fractional RSU Share or any payment in lieu thereof, and the total adjustment with respect to each RSU shall be limited accordingly.

ARTICLE 8
AMENDMENT AND TERMINATION

8.1 **Generally**

The Board may from time to time amend, suspend or terminate the Plan in whole or in part. The Committee may from time to time amend the terms of Grants made under the Plan, subject to confirmation by the Board and the obtaining of any required regulatory, shareholder, or other approvals and, if any such amendment will materially adversely affect the rights of a Participant with respect to a Grant, the obtaining of the written consent of such Participant to such amendment. Notwithstanding the foregoing, (i) the obtaining of the written consent of any Participant to an amendment which materially adversely affects the rights of such Participant with respect to a Grant shall not be required if such amendment is required to comply with applicable laws, regulations, rules, orders of governmental or regulatory authorities or the Exchange and (ii) no amendment may be made to Section 6.7 of the Plan or to the defined terms referred to in Section 6.7 on or after the effective date of such Change in Control.

8.2 **Amendments without Shareholder Approval**

Without limiting the generality of the foregoing, the Board may make the following amendments to the Plan, without obtaining shareholder approval:

(a) amendments to the terms and conditions of the Plan necessary to ensure that the Plan complies with the applicable laws, regulations, rules, orders of governmental or regulatory authorities or the requirements of the Exchange in place from time to time;

(b) amendments to the provisions of the Plan respecting administration of the Plan and eligibility for participation under the Plan;

(c) amendments to the provisions of the Plan respecting the terms and conditions on which Grants may be made pursuant to the Plan, including the provisions relating to the Effective Date, Performance Criteria, vesting and Performance Period;

(d) amendments to the Plan that are of a "housekeeping" nature; and

(e) and any other amendments, fundamental or otherwise, not requiring shareholder approval under applicable laws or applicable policies of the Exchange.

8.3 **Amendments Requiring Shareholder Approval**

Without limiting the generality of the foregoing, the Board may not, without the approval of the Corporation's shareholders, make the following amendments to the Plan:

(a) an increase to the Plan maximum or the number of Common Shares issuable under the Plan;

(b) amendment provisions granting additional powers to the Board to amend the Plan or entitlements thereunder;

(c) extension of the termination or expiry of a Grant or the removal or increase of insider participation limits described in Section 5.1; and

(d) a change to the definition of "Designated Person" or "Director".

ARTICLE 9
CERTAIN SECURITIES LAW MATTERS

9.1 **Restrictive Legends**

If applicable, all certificates or other documents representing securities pursuant to the Plan issued to a "U.S. person" as defined in Rule 902(k) of Regulation S promulgated under the *United States Securities Act of 1933*, as amended (the "**U.S. Securities Act**") will bear the applicable restrictive legend referring to the U.S. Securities Act, which will state, without limitation, that such securities have not been registered under the Securities Act and will set forth or refer to the applicable restrictions on transferability and sale thereof.

If the Grant is made to a director, officer, promoter or other insider of the Corporation, and unless the Grant is qualified by prospectus, or issued under a securities take-over bid, rights offering, amalgamation, or other statutory procedure, then the RSU Grant Agreement will bear an Exchange Hold Period, and the following legend will be inserted onto the first page of the RSU Grant Agreement:

Without prior written approval of the TSX Venture Exchange and compliance with all applicable securities legislation, the securities represented by this agreement and any securities issued upon exercise thereof may not be sold, transferred, hypothecated or otherwise traded on or through the facilities of the TSX Venture Exchange or otherwise in Canada or to or for the benefit of a Canadian resident until ■, 20 ■[i.e., four months and one day after the date of grant].

In addition to the foregoing restrictive legends, certificates representing any securities issued pursuant to the Plan may bear such additional restrictive legends as the Board or Committee may in their sole discretion determine are required to comply with applicable securities laws or stock exchange requirements.

9.2 **Additional Disclosure and Notices to Securities Regulatory Authorities and Exchanges**

Subject to Article 4 hereof, the Corporation shall also deliver to each Participant any additional disclosure, as necessary, to comply with the requirements of applicable securities laws. The Corporation shall also give notice, as may be necessary, to all applicable securities regulatory authorities and other regulatory bodies and all applicable stock exchanges and other trading facilities, upon which the Common Shares are listed or traded, of the adoption of the Plan and the issuance of any Grants or the entering into of any agreements respecting same.

ARTICLE 10
MISCELLANEOUS PROVISIONS

10.1 **No Right to Continued Employment or Service**

Participation in the Plan by a Designated Person is voluntary. No Director, Officer, Employee or Consultant shall have any claim or right to receive Grants under the Plan. The Grant and issuance of RSUs under the Plan (i) shall not be construed as giving a Participant any right to continue in the employment or service of the Corporation or a Related Entity or to be re-elected as a Director or to receive any additional Grants, or (ii) affect the right of the Corporation or a Related Entity to terminate the employment or service of any Participant. Unless the Committee determines otherwise, no notice of termination or payment in lieu thereof shall extend the period of employment or service for purposes of the Plan.

10.2 **Income Tax Withholding Compliance**

Prior to the delivery of any RSU Shares under this Plan, the Corporation or the Administrator shall have the power and the right to deduct or withhold, or to require a Participant to remit to the Corporation, an amount sufficient to satisfy any federal, provincial, local and foreign taxes, pension plan contributions, employment insurance premiums and any other required deductions (collectively referred to herein as "**withholding taxes**") that the Corporation determines is required to be withheld to comply with applicable laws. The Corporation shall make any withholdings or deductions in respect of withholding taxes as required by law or the interpretation or administration thereof. The Corporation or the Administrator shall be entitled to make arrangements to sell a sufficient number of RSU Shares to be issued pursuant to the Plan to fund the payment and remittance of withholding taxes that are required to be deducted or withheld and any associated costs (including brokerage fees). The Corporation or the Administrator shall also have the right to withhold the delivery of any RSUs and RSU Shares to a Participant hereunder unless and until such Participant pays to the Corporation a sum sufficient to indemnify the Corporation for any liability to withhold tax in respect of the amounts included in the income of such Participant as a result of the settlement of RSUs under the Plan, to the extent that such tax is not otherwise being withheld from payments to such Participant by the Corporation or the Administrator. The Participant may also make other arrangements acceptable to the Corporation to fund the required tax remittance.

10.3 **Governing Law**

The Plan, the issuance and settlements of RSUs hereunder, and the issue and delivery of Common Shares hereunder upon settlement shall be, as applicable, governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

10.4 **Non-Exclusivity**

Nothing contained herein shall prevent the Corporation from adopting such other share incentive or compensation arrangements as it shall deem advisable.

ARTICLE 11
EFFECTIVE DATE AND TERM OF THE PLAN

This Plan is effective **April 15, 2016**. Any subsequent amendments to the Plan shall become effective upon their adoption by the Board, subject to the approval of the Corporation's shareholders, if required. The Plan shall terminate on such date as may be determined by the Board pursuant to Article 8 hereof, and no Grants may become effective under the Plan after the date of termination, but such termination shall not affect any Grants that became effective pursuant to the Plan prior to such termination.

SCHEDULE A

AVINO SILVER & GOLD MINES LTD.

Without prior written approval of the TSX Venture Exchange and compliance with all applicable securities legislation, the securities represented by this agreement and any securities issued upon exercise thereof may not be sold, transferred, hypothecated or otherwise traded on or through the facilities of the TSX Venture Exchange or otherwise in Canada or to or for the benefit of a Canadian resident until ◆, 20◆ [four months and one day after the date of Grant].

RESTRICTED SHARE UNIT GRANT AGREEMENT

This **RESTRICTED SHARE UNIT GRANT AGREEMENT** is made as of the day of_____, 20__between

AVINO SILVER & GOLD MINES LTD. (the "**Corporation**") and the undersigned (the "**Participant**"), being a director, officer, employee or consultant of the Corporation or a related entity designated pursuant to the terms of the Restricted Share Unit Plan of the Corporation, as may be amended from time to time (the "**Plan**").

In consideration of the grant of Restricted Share Units ("**RSUs**") made to the Participant pursuant to the Plan (the receipt and sufficiency of which are hereby acknowledged), the Participant hereby agrees and confirms that:

1. The Participant has received a copy of the Plan and has read, understands and agrees to be bound by the provisions of the Plan. The Participant acknowledges, among other things, that the Plan contains provisions relating to termination and restricting transfer.

2. The Participant accepts and consents to and shall be deemed conclusively to have accepted and consented to, and agreed to be bound by, the provisions and all terms of the Plan and all *bona fide* actions or decisions made by the Board, the Committee, or any person to whom the Committee may delegate administrative duties and powers in relation to the Plan, which terms and consent shall also apply to and be binding on the legal representatives, beneficiaries and successors of the undersigned.

3. On , 20 , the Participant was granted RSUs to receive one RSU Share of the Corporation for each RSU subject to the provisions of the Plan, which grant is evidenced by this Agreement. The RSUs shall be subject to the following terms:

   [Describe performance or other criteria and (vesting) release dates of the RSU Shares.]

4. This Agreement shall be considered as part of and an amendment to the employment or service agreement between the Participant, and the Corporation and the Participant hereby agrees that the Participant will not make any claim under that employment or service agreement for any rights or entitlement under the Plan or damages in lieu thereof except as expressly provided in the Plan.

5. Participants who are "insiders" of the Corporation are required to file an insider report under Canadian securities laws in respect of the grant of RSUs and upon future conversion of these RSUs into RSU Shares and any subsequent sales of such RSU Shares.

6. In the event of any inconsistency between the terms of this Agreement and the Plan, the terms of this Agreement shall prevail to the extent that it is not inconsistent with the requirements of the TSX Venture Exchange.

This Agreement shall be determined in accordance with the laws of British Columbia and the laws of Canada applicable therein.

Words used herein which are defined in the Plan shall have the respective meanings ascribed to them in the Plan.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement as of the date first above written.

AVINO SILVER & GOLD MINES LTD.

By: _____
Name:
Title:
(Authorized Signing Officer)

Accepted:_____, 20___

_____
[Name]

AVINO SILVER & GOLD MINES LTD.

RESTRICTED SHARE UNIT PLAN

April, 2018

(Approved by the Board of Directors on April 19, 2018.)
(Approved by the Shareholders on May 24, 2018.)

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ARTICLE 1
PURPOSE

1.1 **Purpose**

The purpose of the Plan is to assist the Corporation and its Related Entities in attracting and retaining individuals with experience and exceptional skill, to allow selected executives, key employees, consultants and directors of the Corporation or a Related Entity to participate in the long term success of the Corporation or the Related Entity and to promote a greater alignment of interests between the participants designated under this Plan and the shareholders of the Corporation.

ARTICLE 2
DEFINITIONS

2.1 **Definitions**

For purposes of the Plan, the terms contained in this Article 2 shall have the following meanings.

(a) "**Administrator**" means the person or persons appointed from time to time by the Corporation to administer this Plan.

(b) "**Board**" means the board of directors of the Corporation, as constituted from time to time.

(c) "**business day**" means a day, other than Saturday, Sunday or a day on which the principal commercial banking institutions in Vancouver, British Columbia are, or the Exchange is, closed.

(d) "**Change in Control**" means:

(i) an acquisition of securities of the Corporation (including securities convertible into Common Shares and/or other securities of the Corporation ("**Convertible Securities**")) as a result of which a person or group other than one or more present control persons (as defined in the *Securities Act* (British Columbia) in respect of the Corporation (an "**Acquiror**") owns beneficially Common Shares or other securities of the Corporation and/or Convertible Securities such that, assuming the conversion of Convertible Securities owned beneficially by the Acquiror but not by any other holder of Convertible Securities, the Acquiror would own beneficially (A) not less than 20% of the Common Shares or (B) shares which would entitle the holders thereof to cast not less than 20% of the votes attaching to all shares in the capital of the Corporation which may be cast to elect directors of the Corporation;

(ii) an amalgamation, merger or other business combination of the Corporation with or into any one or more other corporations, other than: (A) an amalgamation, merger or other business combination of the Corporation with or into a Related Entity; or (B) an amalgamation, merger or other business combination of the Corporation unanimously recommended by the Board provided that the former holders of Common Shares receive, in the aggregate and in their capacities as such, shares of the amalgamated, merged or resulting entity having attached thereto not less than 20% of the votes attached to all shares of such amalgamated, merged or resulting entity;

(iii) the election at a meeting of the Corporation's shareholders of that number of persons which would represent a majority of the Board as Directors, who are not included in the slate for election as Directors proposed to the Corporation's shareholders by management of the Corporation or a transaction or series of transactions as a result of which a majority of the Directors are removed from office at any annual or special meeting of shareholders, or a majority of the Directors resign from office over a period of 60 days or less, and the vacancies created thereby are filled by nominees proposed by any person other than Directors or management of the Corporation in place immediately prior to the removal or resignation of the Directors;

(iv) the completion of any transaction or the first of a series of transactions which would have the same or similar effect as any transaction or series of transactions referred to in subsections (i), (ii) or (iii) referred to above; or

(v) a determination by the Board that there has been a change, whether by way of a change in the holding of the Common Shares, in the ownership of the Corporation's assets or by any other means, as a result of which any person or group of persons acting jointly or in concert is in a position to exercise effective control of the Corporation.

(e) "**CIC Share**" means the following with respect to each Covered RSU:

(i) the sum of: (A) the number of Consideration Shares (as defined below), rounded to the nearest whole number, that is equal to the product of (x) one Common Share multiplied by (y) the number of Consideration Shares (as defined below) received by the shareholders of the Corporation in respect of one Common Share, if, in connection with the transaction constituting the Change in Control, the shareholders of the Corporation exchange their Common Shares for, or otherwise convert their Common Shares into, shares of equity securities of the acquiror (or its direct or indirect parent) (such shares of equity securities, the "**Consideration Shares**"); and (B) the amount, if any, that is equal to the product of (x) one Common Share multiplied by (y) any cash or other property, the fair market value of which shall be determined by the Board (as constituted immediately prior to the effective date of such Change in Control), received by the shareholders of the Corporation in respect of one Common Share, in connection with such transaction; and

(ii) in the case of all other transactions constituting the Change in Control, one Common Share, as adjusted pursuant to Article 7 hereof in connection with such transaction, if applicable; and, in each case, as further adjusted pursuant to Article 7, if applicable, in respect of covered events occurring after such Change in Control.

(f) "**Committee**" means the Compensation Committee of the Board or such other committee of the Board comprised of members of the Board as the Board shall from time to time appoint to administer the Plan.

(g) "**Common Shares**" means the common shares in the capital of the Corporation, or in the event of an adjustment contemplated by Article 7 hereof, such other shares or securities to which the Participant may be entitled under the Grant.

(h) "**Consultant**" means a consultant as such term is defined in National Instrument 45- 106 *Prospectus and Registration Exemptions*, Division 4.

(i) "**Corporation**" means Avino Silver & Gold Mines Ltd. and includes any successor corporation thereof.

(j) "**Covered RSU**" means, with respect to each Grant that is outstanding on the effective date of a Change in Control, the number of RSUs that would have been issued to a Participant on the applicable Release Date and settled in the form of RSU Shares (or cash equivalent, as applicable) had (A) the Participant continued in the employment or service of the Corporation until such Release Date and (B) subject to the sole discretion of the Board, all Performance Criteria, if any, applicable to such Grant (determined without regard to the occurrence of the Change in Control) been met during the applicable Performance Period, if any.

(k) "**Designated Person**" means a Director, Officer, Employee, or Consultant who is designated by the Committee as being eligible for participation in the Plan.

(l) "**Director**" means a non-executive director of the Corporation or a director of a Related Entity.

(m) "**Effective Date**" means, unless otherwise determined by the Board when confirming a Grant, the date determined by the Committee, in accordance with Article 5 hereof, as being the date on which such Grant shall take effect, provided that the Effective Date shall not be a date prior to the date on which the Board confirms the Grant and, unless otherwise determined, the Effective Date will be the date on which the Board confirms the Grant.

(n) "**Employee**" means an individual (other than a Director or Officer) who:

(i) works for the Corporation or a Related Entity on a continuing and regular basis for a minimum amount of time per week providing services specified by the Corporation or the Related Entity and is subject to the control and direction of the Corporation or the Related Entity regarding both the method of performing or executing the services and the result to be effected,

(ii) works full-time for the Corporation or a Related Entity providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or the Related Entity over the details and method of work as an employee of the Corporation or the Related Entity, and for whom income tax deductions are made at source, or

(iii) works for the Corporation or a Related Entity on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or the Related Entity over the details and method of work as an employee of the Corporation or the Related Entity, but for whom income tax deductions are not made at source.

(o) "**Exchange**" means the Toronto Stock Exchange, NYSE MKT, or such other stock exchange on which such Common Shares are listed and posted for trading as may be selected for such purpose by the Board.

(p) **"Grant**" means an award of RSUs allocated to a Designated Person in respect of services rendered to the Corporation or Related Entity in the year of such Grant in accordance with Article 5 hereof.

(q) "**Market Price**" as at any date in respect of the Common Shares means the last closing price per Common Share on the TSX on the trading day immediately preceding the day on which the Corporation announces the grant of the RSU.

(r) the closing volume-weighted average price of the Common Shares on the Exchange for the five trading days immediately preceding such date, but if such Common Shares did not trade on such trading days, the Market Price shall be average of the bid and ask prices in respect of such Common Shares at the close of trading on such trading day.

(s) "**Officer**" means a chairman or vice-chairman of the Board, chief executive officer, chief operating officer, chief financial officer, president, vice president, secretary, assistant secretary, treasurer, assistant treasurer and a general manager of the Corporation or of a Related Entity and any person routinely performing corresponding functions with respect to the Corporation or a Related Entity.

(t) "**Participant**" means a Designated Person to whom a Grant has been made in accordance with Article 5 hereof.

(u) "**Performance Criteria**" means criteria established by the Committee in respect of each Grant, if any, which, without limitation, may include criteria based on the financial performance of the Corporation and/or any Related Entity thereof.

(v) "**Performance Period**" means the period established by the Committee in respect of each Grant, if any, which period shall commence and end on the dates designated by the Committee.

(w) "**Permanent Disability**" means a mental or physical disability which has caused the substantial withdrawal of the Participant's effective services to the Corporation or Related Entity, as the case may be, for six consecutive months or a cumulative period of twelve months over a period of thirty-six consecutive months, or such other permanent disability of a Participant and/or for such other period as determined by the Committee in its sole and absolute discretion.

(x) "**Plan**" means this Restricted Share Unit Plan as the same may be further amended from time to time.

(y) "**Related Entity**" means, with regard to the Corporation, a person that controls or is controlled by the Corporation or that is controlled by the same person that controls the Corporation.

(z) "**Release Date**" means in respect of each Grant, unless otherwise determined by the Committee, the tenth business day following the occurrence of the event giving rise to the issuance of the RSU Shares in accordance with the provisions of the Plan, or pursuant to the vesting provisions or Performance Period of the RSUs.

(aa) "**Retirement**" means withdrawal from the Participant's occupation or office with the Corporation or a Related Entity with no intention to return to the workforce, provided that Retirement prior to the age of 60 shall be subject to the Board's review and discretion.

(cc) "**RSU**" means a restricted share unit allocated to a Designated Person in accordance with Article 5 hereof which shall, upon issuance in accordance with and subject to the provisions of the Plan, entitle the holder thereof to receive one RSU Share.

(dd) "**RSU Grant Agreement**" means each agreement with a Participant containing the terms and conditions of each Grant, such agreement to be in form and substance similar to the form of Restricted Share Unit Grant Agreement contained in Schedule A hereof.

(ee) "**RSU Shares**" means the Common Shares delivered to Participants in accordance with the provisions of the Plan in settlement of RSUs issued under the Plan.

(ff) "**TSX**" means the Toronto Stock Exchange.

(gg) "**U.S. Securities Act**" has the meaning ascribed to it in Section 9.1 herein.

2.2 **Interpretations**

Any reference to the outstanding Common Shares at any point in time shall be computed on a non- diluted basis.

ARTICLE 3
ADMINISTRATION

3.1 Committee

The Plan shall be administered by the Committee under the supervision of the Board.

In addition to the other powers granted to the Committee under the Plan and subject to the terms of the Plan, the Committee shall have full and complete authority to interpret the Plan. The Committee may from time to time prescribe such rules and regulations and make all determinations necessary or desirable for the administration of the Plan. In particular, the Committee shall select the Designated Persons to whom it recommends Grants shall be made and shall determine the amounts and terms of the Grants (including the related Performance Criteria, if any, and the formula, if any, to be used to determine the number of RSUs to be issued based on the level of achievement of such Performance Criteria), and the extent to which the Performance Criteria to be achieved during the Performance Period, if any, has been achieved. Any such interpretation, rule, determination or other act of the Committee and/or the Administrator shall be conclusively binding upon all persons, including the Participants and their legal representatives and beneficiaries.

3.2 Delegation of Administration

The Committee may, subject to the terms of the Plan, delegate to third parties, including the Administrator if one is appointed, the whole or any part of the administration of the Plan and shall determine the scope of such delegation. Any decision made by the Committee or the Administrator in carrying out its responsibilities with respect to the administration of the Plan shall be final and binding on the Participants.

3.3 Limitation of Liability

No member of the Committee or the Board shall be liable for any action or determination made in good faith pursuant to the Plan. To the full extent permitted by law, the Corporation shall indemnify and save harmless each person made, or threatened to be made, a party to any action or proceeding by reason of the fact that such person is or was a member of the Committee or is or was a member of the Board and, as such, is or was required or entitled to take action pursuant to the terms of the Plan.

3.4 Fees

Except as Participants may otherwise be advised by prior written notice of at least 30 days, all costs of the Plan, including any administration fees, shall be paid by the Corporation; provided, however, the Corporation's responsibility for administration fees does not include tax consequences to the Participant of his/her receipt of RSUs or RSU Shares, which shall be the exclusive responsibility of the Participant.

ARTICLE 4
RSU SHARES SUBJECT TO THE PLAN

The Corporation shall not be required to issue and/or cause to be delivered Common Shares or issue and/or cause to be delivered certificates evidencing Common Shares to be delivered pursuant to the Plan unless and until such issuance and delivery is in compliance with all applicable laws, regulations, rules, orders of governmental or regulatory authorities and the requirements of the Exchange. The Corporation shall not in any event be obligated to take any action to comply with any such laws, regulations, rules, orders or requirements. Subject to the foregoing, the Board may authorize from time to time the issuance by the Corporation of Common Shares from treasury.

ARTICLE 5
GRANTS

5.1 Maximum Number of Common Shares and Limitations

The maximum number of RSU Shares issuable under the Plan shall not, together with all other security-based compensation arrangements of the Corporation, exceed 10% of the issued and outstanding Common Shares as at the date of such Grant on a non-diluted basis.

Notwithstanding anything else contained herein, the number of Common Shares of the Corporation which are (i) issuable at any time, and (ii) issued within any one year period, to all insiders (as such term is defined in the TSX's Company Manual) of the Corporation pursuant to the terms of the Plan and under any other security-based compensation arrangement, shall not exceed 10% of the Corporation's total issued and outstanding Common Shares on a non-diluted basis.

5.2 Terms of Grants

Subject to the provisions of the Plan, the Committee shall, in its sole discretion and from time to time, determine the Designated Persons to whom it recommends that Grants be made based on their current and potential contribution to the success of the Corporation. At such time, the Committee shall also:

(a) determine, in connection with each Grant, the Effective Date thereof and the number of RSUs to be allocated, subject to blackout periods pursuant to Section 5.3 herein.

(b) determine, in connection with each Grant, the vesting dates and the Performance Period, if any, applicable thereto;

(c) determine, in connection with each Grant, the Performance Criteria, if any, to be achieved during the Performance Period in order for RSU Shares to be issued to the Participant; and

(d) determine the other terms and conditions (which need not be identical and which, without limitation, may include conditions on the allocation, issuance and/or settlement of RSUs, and non-competition provisions) of all RSUs covered by any Grant.

Notwithstanding any provisions of this Section 5.2, any Grant and any determination made by the Committee in connection with any such Grant as provided shall be subject to confirmation by the Board, and both the Corporation and the Participant are responsible for ensuring and confirming that the Participant is a *bona fide* Designated Person.

5.3 **Blackout Periods**

The Corporation may from time to time self-impose trading blackouts during which some or all Directors, Officers, Employees, and Consultants may not trade in the securities of the Corporation. In the event that a trading blackout is imposed by management or the Board, in accordance with any insider trading policy that the Corporation may adopt from time to time, Participants subject to the blackouts are prohibited from buying, selling or otherwise trading in securities of the Corporation until such time as notice is formally given by the Corporation that trading may resume.

If the date of vesting of any Grant, falls within such a blackout period, it shall be automatically extended to the date which is ten business days following the end of such blackout period.

ARTICLE 6
TERMS AND CONDITIONS OF RESTRICTED SHARE UNITS

6.1 **RSU Grant Agreement**

Each Grant shall be evidenced by an RSU Grant Agreement containing the terms and conditions required under the Plan and such other terms and conditions not inconsistent herewith as the Committee may deem appropriate. The Corporation shall deliver a copy of the Plan and the respective RSU Grant Agreement to each Participant who receives any Grant under the Plan before, or as soon as practicable after, the time of such Grant. Certificates need not be issued with respect to RSUs covered by a Grant or RSUs when issued. The Corporation or the Administrator shall maintain records showing the number of RSUs allocated to each Participant under the Plan. The RSU Grant Agreement may deal with some or all of the matters set forth in the remainder of this Article 6.

6.2 **Number of RSUs and Entitlement to Common Shares**

Each RSU Grant Agreement shall state the number of RSUs allocated to the Participant and state that each such RSU shall upon vesting, subject to and in accordance with the terms of the Plan, entitle the Participant to receive one RSU Share, subject to the provisions of Section 10.2 with respect to withholding taxes, pension plan contributions, employment insurance premiums or other deductions.

6.3 **Performance Criteria**

Each RSU Grant Agreement shall describe the Performance Criteria, if any, for the Performance Period, if any, established by the Committee that must be achieved for RSU Shares to be issued to the Participant.

6.4 **Vesting and Settlement of RSUs**

(a) Subject to any employee benefit or other share compensation plan approved by the Board, the Committee shall prescribe the terms and conditions of vesting of each Grant and the vesting period.

Provided that the Participant is continuously employed with, or providing services to, the Corporation from the Effective Date of such Grant to the Release Date, the Participant shall be entitled to receive on the applicable Release Date, in full settlement of the RSUs that have vested, a number of RSU Shares equal to such number of RSUs vested, all in accordance with Section 6.2 herein and subject to the provisions of Section 10.2 with respect to withholding taxes, pension plans contributions, employment insurance premiums or other deductions. A notice shall be given to the Corporation shall be in writing, signed by the Participant and delivered to the head business office of the Corporation, substantially in the form of Schedule B hereto.

6.5 **Rights in the Event of Death, Retirement or Termination of Employment or Service**

Unless otherwise determined by the Committee:

Death

(a) Subject to Section 6.5(b), in the event of the death of a Participant while in the employment or service of the Corporation, the deceased Participant's estate shall receive, with respect to each Grant then outstanding to such Participant for which RSU Shares have not otherwise been issued prior to the date of death, an RSU settlement in the form of RSU Shares on the next Release Date on which all or a portion of the RSU Shares would otherwise be issued, if at all, in accordance with the Plan had the Participant not died and continued in the employment or service of the Corporation or the Related Entity, as applicable, until such Release Date.

(b) If Performance Criteria are attached to any deceased Participant's RSU, in the event of death of a Participant following the end of the Performance Period, if any, but prior to a Release Date, the Committee shall determine in its sole discretion the number of RSU Shares to be delivered to the Participant's estate with respect to such RSUs.

Any remaining RSUs for which settlement has not been made as aforesaid, shall be forfeited and shall terminate.

Termination Without Cause, Retirement or Permanent Disability

(c) In the event of termination without cause, Retirement or Permanent Disability of a Participant, with respect to each Grant then outstanding to such Participant for which RSU Shares have not been issued prior to the date of termination without cause, Retirement or Permanent Disability, the RSU Shares covered by any such Grant shall be issued to the Participant in accordance with and subject to the Plan, on a *pro rata* basis to reflect the proportion of the Performance Period of the Grant worked by the Participant prior to such termination without just cause, Retirement or Permanent Disability.

Any remaining RSUs for which settlement has not been made as aforesaid, shall be forfeited and shall terminate.

For purposes of this provision, the date of termination without cause, Retirement or permanent Disability shall be the last day on which the Participant provides services to the Corporation or Related Entity, as the case may be, at its premises, and not the last day of any notice period or upon which the Corporation or Related Entity pays wages or salaries in lieu of notice of termination, statutory, contractual or otherwise.

Voluntary Resignation or Termination for Cause

(d) In the event a Participant's voluntary resignation (other than due to Retirement) or termination of employment or service for cause and unless otherwise provided in an employment or other service contract between the Participant and the Corporation or a Related Entity, the RSUs covered by each Grant then outstanding to such Participant for which RSU Shares have not been issued prior to such voluntary resignation or termination shall be forfeited and all such Grants shall expire in their entirety. Any such voluntary resignation or termination of employment or service for cause shall not entitle a Participant to any compensation for loss of any benefit under the Plan.

For the purposes of the foregoing paragraph, the date of voluntary resignation or termination shall be the last day upon which the Participant provides services to the Corporation or Related Entity, as the case may be, at its premises and not the last day of any notice period or upon which the Corporation or Related Entity pays wages or salaries in lieu of notice of termination, statutory, contractual or otherwise.

6.6 **Automatic Termination of RSUs**

Subject to Section 6.5, RSUs granted pursuant to the Plan shall terminate automatically on the earlier of:

(a) the date on which such RSUs are issued in the form of RSU Shares, in respect of all of the RSUs granted thereunder; and

(b) the expiry date of such RSUs as determined by the Committee or by law.

6.7 Rights in the Event of a Change in Control

Subject to approval by the TSX, if required, in the event of the occurrence of a Change in Control, and unless otherwise determined by the Committee, or otherwise addressed in the Participant's employment or service contract or share compensation plan approved by the Board (which shall have controlling effect), with respect to each Grant outstanding on the effective date of such Change in Control,

(a) Subject to the sole discretion of the Board, all Covered RSUs shall vest as of the effective date of such Change in Control. The Board shall give each Participant as much notice as possible of the acceleration of the vesting of the RSUs under this section, except that not less than 5 business days and not more than 35 days' notice is required; and

(b) each Participant shall, on the Release Date which would have applied had the Change in Control not occurred, be entitled to receive from the Corporation, in full settlement of an RSU covered by such Grant, one of the following, at the sole discretion of the Committee, for each Covered RSU:

(i) one CIC Share; or

(ii) the number of Consideration Shares rounded to the nearest whole number, that is equal to the sum of:

(A) the number of Consideration Shares received by the shareholders of the Corporation in respect of one Common Share; and

(B) the number of Consideration Shares that the Board determines represents the fair market value of any cash or other property received by the shareholders of the Corporation in respect of one Common Share;

provided that such Participant is continuously employed by or providing services to the Corporation from the Effective Date of such Grant to the effective date of such Change in Control.

6.8 **Non-Transferability**

The rights or interests of a Participant under the Plan shall not be assignable or transferable, otherwise than by will or the laws governing the devolution of property in the event of death and such rights or interests shall not be encumbered.

6.9 **RSUs Not Common Shares**

Under no circumstances shall a Grant of an RSU be considered a Common Share, nor shall a Grant of an RSU entitle any Participant to the exercise of voting rights, the receipt of dividends or the exercise of any other rights attaching to ownership of a Common Share, until delivery of an RSU Share in settlement of such RSU in accordance with the terms of the Plan. Notwithstanding the foregoing, the Committee may determine the extent to which a Participant may be entitled to exercise any voting rights, receive dividends or exercise any other rights attaching to ownership of such Common Shares.

6.10 **RSU Shares Fully Paid**

RSU Shares, if issued by the Corporation to settle RSUs under the Plan, shall be considered fully paid in consideration of past service that is no less in value than the fair equivalent of the money the Corporation would have received if the RSU Shares had been issued for money.

ARTICLE 7
EFFECTS OF ALTERATION OF SHARE CAPITAL

7.1 **Adjustments**

Subject to approval by the TSX, if required, in the event that:

(a) a dividend shall be declared upon the Common Shares payable in Common Shares of the Corporation;

(b) the outstanding Common Shares shall be changed into or exchanged for a different number or kind of shares or other securities of the Corporation or of another corporation, whether through an arrangement, plan of arrangement, amalgamation or other similar statutory procedure, or a share recapitalization, subdivision or consolidation;

(c) there shall be any change, other than those specified in subparagraphs (a) and (b) of this Section, in the number or kind of outstanding Common Shares or of any shares or other securities into which such Common Shares shall have been changed or for which they shall have been exchanged; or

(d) there shall be a distribution of assets or shares to shareholders of the Corporation out of the ordinary course of business,

then, if the Board shall in its sole discretion determine that such change equitably requires an adjustment in the number of RSUs with respect to which Grants may be made pursuant to the Plan but not yet covered by Grants, of the RSUs then covered by Grants, of the RSUs generally available for Grants under the Plan and of the RSUs available for Grants under the Plan in any calendar year, such adjustment shall be made by the Board and shall be effective and binding for all purposes.

7.2 **No Fractional RSUs**

No adjustment provided for in this Section shall entitle a Participant to be allocated a fractional RSU, or receive a fractional RSU Share or any payment in lieu thereof, and the total adjustment with respect to each RSU shall be limited accordingly.

ARTICLE 8
AMENDMENT AND TERMINATION

8.1 **Generally**

The Board may from time to time amend, suspend or terminate the Plan in whole or in part. The Committee may from time to time amend the terms of Grants made under the Plan, subject to confirmation by the Board and the obtaining of any required regulatory, shareholder, or other approvals and, if any such amendment will materially adversely affect the rights of a Participant with respect to a Grant, the obtaining of the written consent of such Participant to such amendment. Notwithstanding the foregoing, (i) the obtaining of the written consent of any Participant to an amendment which materially adversely affects the rights of such Participant with respect to a Grant shall not be required if such amendment is required to comply with applicable laws, regulations, rules, orders of governmental or regulatory authorities or the Exchange and (ii) no amendment may be made to Section 6.7 of the Plan or to the defined terms referred to in Section 6.7 on or after the effective date of such Change in Control.

8.2 **Amendments without Shareholder Approval**

Without limiting the generality of the foregoing, the Board may make the following amendments to the Plan or awards thereunder, without obtaining shareholder approval:

(a) amendments to the terms and conditions of the Plan or awards thereunder necessary to ensure that the Plan or awards thereunder complies with the applicable laws, regulations, rules, orders of governmental or regulatory authorities or the requirements of the Exchange in place from time to time;

(b) amendments to the provisions of the Plan or awards thereunder respecting administration of the Plan and eligibility for participation under the Plan;

(c) amendments to the provisions of the Plan or awards thereunder respecting the terms and conditions on which Grants may be made pursuant to the Plan, including the provisions relating to the Effective Date, Performance Criteria, vesting and Performance Period;

(d) amendments to the Plan or awards that are of a "housekeeping" nature; and

(e) and any other amendments, fundamental or otherwise, not requiring shareholder approval under applicable laws or applicable policies of the Exchange.

8.3 **Amendments Requiring Shareholder Approval**

Without limiting the generality of the foregoing, the Board may not, without the approval of the Corporation's shareholders, make the following amendments to the Plan:

(a) any extension of the termination or expiry of a Grant benefiting an Insider of the Corporation;

(b) any amendment to remove or to increase the Insider participation limits described in Section 5.1;

(c) an increase to the maximum number of RSU Shares issuable as a fixed percentage of the Corporation's outstanding capital represented by the Common Shares; and

(d) amendments to an amending provision within the Plan.

ARTICLE 9
CERTAIN SECURITIES LAW MATTERS

9.1 **Restrictive Legends**

If applicable, all certificates or other documents representing securities pursuant to the Plan issued to a "U.S. person" as defined in Rule 902(k) of Regulation S promulgated under the *United States Securities Act of 1933*, as amended (the "**U.S. Securities Act**") will bear the applicable restrictive legend referring to the U.S. Securities Act, which will state, without limitation, that such securities have not been registered under the Securities Act and will set forth or refer to the applicable restrictions on transferability and sale thereof.

Certificates representing any securities issued pursuant to the Plan may bear such additional restrictive legends as the Board or Committee may in their sole discretion determine are required to comply with applicable securities laws or stock exchange requirements.

9.2 **Additional Disclosure and Notices to Securities Regulatory Authorities and Exchanges**

Subject to Article 4 hereof, the Corporation shall also deliver to each Participant any additional disclosure, as necessary, to comply with the requirements of applicable securities laws. The Corporation shall also give notice, as may be necessary, to all applicable securities regulatory authorities and other regulatory bodies and all applicable stock exchanges and other trading facilities, upon which the Common Shares are listed or traded, of the adoption of the Plan and the issuance of any Grants or the entering into of any agreements respecting same.

ARTICLE 10
MISCELLANEOUS PROVISIONS

10.1 **No Right to Continued Employment or Service**

Participation in the Plan by a Designated Person is voluntary. No Director, Officer, Employee or Consultant shall have any claim or right to receive Grants under the Plan. The Grant and issuance of RSUs under the Plan (i) shall not be construed as giving a Participant any right to continue in the employment or service of the Corporation or a Related Entity or to be re-elected as a Director or to receive any additional Grants, or (ii) affect the right of the Corporation or a Related Entity to terminate the employment or service of any Participant. Unless the Committee determines otherwise, no notice of termination or payment in lieu thereof shall extend the period of employment or service for purposes of the Plan.

10.2 **Income Tax Withholding Compliance**

Prior to the delivery of any RSU Shares under this Plan, the Corporation or the Administrator shall have the power and the right to deduct or withhold, or to require a Participant to remit to the Corporation, an amount sufficient to satisfy any federal, provincial, local and foreign taxes, pension plan contributions, employment insurance premiums and any other required deductions (collectively referred to herein as "**withholding taxes**") that the Corporation determines is required to be withheld to comply with applicable laws. The Corporation shall make any withholdings or deductions in respect of withholding taxes as required by law or the interpretation or administration thereof. The Corporation or the Administrator shall be entitled to make arrangements to sell a sufficient number of RSU Shares to be issued pursuant to the Plan to fund the payment and remittance of withholding taxes that are required to be deducted or withheld and any associated costs (including brokerage fees). The Corporation or the Administrator shall also have the right to withhold the delivery of any RSUs and RSU Shares to a Participant hereunder unless and until such Participant pays to the Corporation a sum sufficient to indemnify the Corporation for any liability to withhold tax in respect of the amounts included in the income of such Participant as a result of the settlement of RSUs under the Plan, to the extent that such tax is not otherwise being withheld from payments to such Participant by the Corporation or the Administrator. The Participant may also make other arrangements acceptable to the Corporation to fund the required tax remittance.

10.3 **Governing Law**

The Plan, the issuance and settlements of RSUs hereunder, and the issue and delivery of Common Shares hereunder upon settlement shall be, as applicable, governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

10.4 **Non-Exclusivity**

Nothing contained herein shall prevent the Corporation from adopting such other share incentive or compensation arrangements as it shall deem advisable.

ARTICLE 11
EFFECTIVE DATE AND TERM OF THE PLAN

This Plan shall be effective only upon the approval of the shareholders of the Corporation. Any subsequent amendments to the Plan shall become effective upon their adoption by the Board, subject to the approval of the Corporation's shareholders, if required. The Plan shall terminate on such date as may be determined by the Board pursuant to Article 8 hereof, and no Grants may become effective under the Plan after the date of termination, but such termination shall not affect any Grants that became effective pursuant to the Plan prior to such termination.

SCHEDULE A

AVINO SILVER & GOLD MINES LTD.

RESTRICTED SHARE UNIT GRANT AGREEMENT

This **RESTRICTED SHARE UNIT GRANT AGREEMENT** is made as of the day of _____, 20_____between **AVINO SILVER & GOLD MINES LTD.** (the "**Corporation**") and the undersigned (the "**Participant**"), being a director, officer, employee or consultant of the Corporation or a related entity designated pursuant to the terms of the Restricted Share Unit Plan of the Corporation, as may be amended from time to time (the "**Plan**").

In consideration of the grant of Restricted Share Units ("**RSUs**") made to the Participant pursuant to the Plan (the receipt and sufficiency of which are hereby acknowledged), the Participant hereby agrees and confirms that:

1. The Participant has received a copy of the Plan and has read, understands and agrees to be bound by the provisions of the Plan. The Participant acknowledges, among other things, that the Plan contains provisions relating to termination and restricting transfer.

2. The Participant accepts and consents to and shall be deemed conclusively to have accepted and consented to, and agreed to be bound by, the provisions and all terms of the Plan and all *bona fide* actions or decisions made by the Board, the Committee, or any person to whom the Committee may delegate administrative duties and powers in relation to the Plan, which terms and consent shall also apply to and be binding on the legal representatives, beneficiaries and successors of the undersigned.

3. On _____, 20_____, the Participant was granted _____ RSUs to receive one RSU Share of the Corporation for each RSU subject to the provisions of the Plan, which grant is evidenced by this Agreement. The RSUs shall be subject to the following terms:
[Describe performance or other criteria and (vesting) release dates of the RSU Shares.]

4. This Agreement shall be considered as part of and an amendment to the employment or service agreement between the Participant, and the Corporation and the Participant hereby agrees that the Participant will not make any claim under that employment or service agreement for any rights or entitlement under the Plan or damages in lieu thereof except as expressly provided in the Plan.

5. Participants who are "insiders" of the Corporation are required to file an insider report under Canadian securities laws in respect of the grant of RSUs and upon future conversion of these RSUs into RSU Shares and any subsequent sales of such RSU Shares.

6. In the event of any inconsistency between the terms of this Agreement and the Plan, the terms of this Agreement shall prevail to the extent that it is not inconsistent with the requirements of the TSX.

This Agreement shall be determined in accordance with the laws of British Columbia and the laws of Canada applicable therein.

Words used herein which are defined in the Plan shall have the respective meanings ascribed to them in the Plan.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement as of the date first above written.

AVINO SILVER & GOLD MINES LTD.

By: _____
Name:
Title:
(Authorized Signing Officer)

Accepted:_____, 20 _____

_____
[Name]

SCHEDULE B

AVINO SILVER & GOLD MINES LTD.

RESTRICTED SHARE UNIT NOTICE FORM

TO: **Avino Silver & Gold Mines Ltd. (the "Company")**

This constitutes notice under my Restricted Share Unit Grant Agreement to receive RSU Shares in settlement of RSUs issued to me under the Plan.

Number of RSU Shares: _____

The common shares are to be issued as follows:

Name: _____

Address in full: _____

_____

_____

I agree to provide for the payment by me to the Company (in the manner designated by the Company) of the Company's withholdings obligation, if any, relating to the issuance of the RSU common shares.

DATED this _____ day of _____, 20____.

_____
(Signature)

_____
(Print full name)

_____

PRIVATE

AVINO SILVER & GOLD MINES LTD.

STOCK OPTION PLAN

(Approved by the Board of Directors on April 19, 2018.)
(Approved by the Shareholders on May 24, 2018.)

1. PURPOSE OF THE PLAN

The Company hereby establishes a stock option plan for directors, senior officers, Employees, Consultants, Consultant Company or Management Company Employees (as such terms are defined below) of the Company and its subsidiaries, or an Eligible Charitable Organization (collectively "**Eligible Persons**"), to be known as the "Stock Option Plan" (the "**Plan**"). The purpose of the Plan is to give to Eligible Persons, as additional compensation, the opportunity to participate in the success of the Company by granting to such individuals options, exercisable over periods of up to ten years, as determined by the board of directors of the Company, to buy shares of the Company at a price equal to the Market Price prevailing on the date the option is granted as permitted by the policies of the Exchanges and approved by the Board.

2. DEFINITIONS

In this Plan, the following terms shall have the following meanings:

2.1 "**Associate**" means an "Associate" as defined in the TSX Policies.

2.2 "**Board**" means the Board of Directors of the Company.

2.3 "**Change of Control**" means the acquisition by any person or by any person and all Joint Actors, whether directly or indirectly, of voting securities (as defined in the *Securities Act*) of the Company, which, when added to all other voting securities of the Company at the time held by such person or by such person and a Joint Actor, totals for the first time not less than fifty percent (50%) of the outstanding voting securities of the Company or the votes attached to those securities are sufficient, if exercised, to elect a majority of the Board of Directors of the Company.

2.4 "**Company**" means Avino Silver & Gold Mines Ltd. and its successors.

2.5 "**Consultant**" means a "Consultant" as defined in the TSX Policies.

2.6 "**Consultant Company**" means a "Consultant Company" as defined in the TSX Policies.

2.7 "**Disability**" means any disability with respect to an Optionee which the Board, in its sole and unfettered discretion, considers likely to prevent permanently the Optionee from:

(a) being employed or engaged by the Company, its subsidiaries or another employer, in a position the same as or similar to that in which he was last employed or engaged by the Company or its subsidiaries; or

(b) acting as a director or officer of the Company or its subsidiaries.

2.8 "**Option Price**" means, the Option Price granted pursuant to the Company's stock option plan must be at no less than the closing price prior to the date of grant.

2.9 **"Eligible Charitable Organization"** means an "Eligible Charitable Organization" as defined in the TSX Policies.

2.10 "**Eligible Persons**" has the meaning given to that term in section 1 hereof.

2.11 "**Employee**" means an "Employee" as defined in the TSX Policies.

2.12 "**Exchanges**" means the Toronto Stock Exchange and, if applicable, any other stock exchange on which the Shares are listed.

2.13 "**Expiry Date**" means the date set by the Board under subsection 3.1 of the Plan, as the last date on which an Option may be exercised.

2.14 "**Grant Date**" means the date specified in the Option Agreement as the date on which an Option is granted.

2.15 "**Insider**" means an "Insider" as defined in the British Columbia *Securities Act*.

2.16 "**Joint Actor**" means a person acting "jointly or in concert with" another person as that phrase is interpreted in Multi-lateral Instrument 62-104, *Take-Over Bids and Issuer Bids*.

2.17 "**Management Company Employee**" means a "Management Company Employee" as defined in the TSX Policies.

2.18 "**Market Price**" of Shares at any Grant Date means the last closing price per Share on the Toronto Stock Exchange on the trading day immediately preceding the day on which the Company announces the grant of the option. or, if the grant is not announced, on the Grant Date, or if the Shares are not listed on any stock exchange, "Market Price" of Shares means the price per Share on the over-the-counter market determined by dividing the aggregate sale price of the Shares sold by the total number of such Shares so sold on the applicable market for the last day prior to the Grant Date.

2.19 "**Option**" means an option to purchase Shares granted pursuant to this Plan.

2.20 "**Option Agreement**" means an agreement, in the form attached hereto as Schedule "A", whereby the Company grants to an Optionee an Option.

2.21 "**Optionee**" means each of Eligible Persons granted an Option pursuant to this Plan and their heirs, executors and administrators.

2.22 "**Option Price**" means the price per Share specified in an Option Agreement, adjusted from time to time in accordance with the provisions of section 5.

2.23 "**Option Shares**" means the aggregate number of Shares which an Optionee may purchase under an Option.

2.24 "**Plan**" means this Stock Option Plan.

2.25 "**Securities Act**" means the *Securities Act*, R.S.B.C. 1996, c.418, as amended, as at the date hereof.

2.26 "**Shares**" means the common shares in the capital of the Company as constituted on the Grant Date provided that, in the event of any adjustment pursuant to section 5, "Shares" shall thereafter mean the shares or other property resulting from the events giving rise to the adjustment.

2.27 "**TSX Policies**" means the policies included in the Toronto Stock Exchange Company Manual.

2.28 "**Unissued Option Shares**" means the number of Shares, at a particular time, which have been reserved for issuance upon the exercise of an Option but which have not been issued, as adjusted from time to time in accordance with the provisions of section 5, such adjustments to be cumulative.

2.29 "**Vested**" means that an Option has become exercisable in respect of a number of Option Shares by the Optionee pursuant to the terms of the Option Agreement.

3. GRANT OF OPTIONS

3.1 Option Terms

The Board may from time to time authorize the issue of Options to Eligible Persons of the Company and its subsidiaries. The Option Price under each Option shall be not less than the Market Price on the Grant Date. The Expiry Date for each Option shall be set by the Board at the time of issue of the Option subject to section 3.4, and shall not be more than ten years after the Grant Date. Options shall not be assignable (or transferable) by the Optionee.

3.2 Limits on Shares Issuable on Exercise of Options

The maximum number of Shares issuable under the Plan shall not, together with all other security-based compensation arrangements of the Company, exceed 10% of the issued and outstanding Shares as at the date of such Grant Date on a non-diluted basis.

Notwithstanding anything else contained herein, the number of Shares of the Company which are (i) issuable at any time, and (ii) issued within any one year period, to all insiders (as such term is defined in the TSX's Company Manual) of the Company pursuant to the terms of the Plan and under any other security-based compensation arrangement, shall not exceed 10% of the Company's total issued and outstanding common shares on a non-diluted basis.

3.3 Option Agreements

Each Option shall be confirmed by the execution of an Option Agreement. Each Optionee shall have the option to purchase from the Company the Option Shares at the time and in the manner set out in the Plan and in the Option Agreement applicable to that Optionee. For stock options to Employees, Consultants, Consultant Company or Management Company Employees, the Company is representing herein and in the applicable Option Agreement that the Optionee is a bona fide Employee, Consultant, Consultant Company or Management Company Employee, as the case may be, of the Company or its subsidiary. The execution of an Option Agreement shall constitute conclusive evidence that it has been completed in compliance with this Plan.

3.4 Blackout Periods

The Company may from time to time self-impose trading blackouts during which some or all Directors, Officers, Employees, Consultants, Consultant Companies or Management Company Employees may not trade in the securities of the Company. In the event that a trading blackout is imposed by management or the Board, in accordance with any insider trading policy that the Company may adopt from time to time, participants subject to the blackouts are prohibited from buying, selling or otherwise trading in securities of the Company until such time as notice is formally given by the Company that trading may resume.

If the Expiry Date of any Option falls within such a blackout period, it shall be automatically extended to the date which is ten business days following the end of such blackout period. For greater certainty, the expiry date of an Option shall not be extended in the event a cease trade order is issued by a securities regulatory authority against the Company or the holder of an Option.

4. EXERCISE OF OPTION

4.1 When Options May be Exercised

Subject to subsections 4.3 and 4.4, an Option shall be granted as fully Vested on the Grant Date, and may be exercised to purchase any number of Shares up to the number of Unissued Option Shares at any time after the Grant Date, provided that this Plan has been previously approved by the shareholders of the Company, up to 4:00 p.m. local time on the Expiry Date and shall not be exercisable thereafter.

4.2 Manner of Exercise

The Option shall be exercisable by delivering to the Company a notice specifying the number of Shares in respect of which the Option is exercised together with payment in full of the Option Price for each such Share, substantially in the form of Schedule “B”. Upon notice and payment there will be binding contract for the issue of the Shares in respect of which the Option is exercised, upon and subject to the provisions of the Plan. Delivery of the Optionee’s cheque payable to the Company in the amount of the Option Price shall constitute payment of the Option Price unless the cheque is not honoured upon presentation in which case the Option shall not have been validly exercised.

4.3 Vesting of Option Shares

An Option granted hereunder shall be subject to a vesting schedule imposed by the Board as a condition of the grant on the Grant Date, subject to a minimum of one-third of the number of Shares which may be issuable pursuant to an Option being Vested on each of the first, second and third anniversaries of the Grant Date.

4.4 Termination of Employment

If an Optionee ceases to be an Eligible Person, his or her Option shall be exercisable as follows:

(a) Death or Disability

If the Optionee ceases to be an Eligible Person, due to his or her death or Disability or, in the case of an Optionee that is a company, the death or Disability of the person who provides management or consulting services to the Company or to any entity controlled by the Company, the Option then held by the Optionee shall be exercisable to acquire Vested Unissued Option Shares at any time up to but not after the earlier of:

(i) 365 days after the date of death or Disability; and

(ii) the Expiry Date.

(b) Termination For Cause

If the Optionee, or in the case of a Management Company Employee or a Consultant Company, the Optionee's employer, ceases to be an Eligible Person as a result of termination for cause, as that term is interpreted by the courts of the jurisdiction in which the Optionee, or, in the case of a Management Company Employee or a Consultant Company, of the Optionee's employer, is employed or engaged; any outstanding Option held by such Optionee on the date of such termination shall be cancelled as of that date.

(c) Early Retirement, Voluntary Resignation or Termination Other than For Cause

If the Optionee or, in the case of a Management Company Employee or a Consultant Company, the Optionee's employer, ceases to be an Eligible Person due to his or her retirement at the request of his or her employer earlier than the normal retirement date under the Company's retirement policy then in force, or due to his or her termination by the Company other than for cause, or due to his or her voluntary resignation, the Option then held by the Optionee shall be exercisable to acquire Vested Unissued Option Shares at any time up to but not after the earlier of the Expiry Date and the date which is 90 days after the Optionee or, in the case of a Management Company Employee or a Consultant Company, the Optionee's employer, ceases to be an Eligible Person.

4.5 Effect of a Take-Over Bid

If a *bona fide* offer (an "Offer") for Shares is made to the Optionee or to shareholders of the Company generally or to a class of shareholders which includes the Optionee, which Offer, if accepted in whole or in part, would result in the offeror becoming a control person of the Company, within the meaning of subsection 1(1) of the *Securities Act*, the Company shall, immediately upon receipt of notice of the Offer, notify each Optionee of full particulars of the Offer, whereupon the Option Shares subject to such Option may be exercised in whole or in part by the Optionee so as to permit the Optionee to tender the Option Shares received upon such exercise, pursuant to the Offer. However, if:

(a) the Offer is not completed within the time specified therein; or

(b) all of the Option Shares tendered by the Optionee pursuant to the Offer are not taken up or paid for by the offeror in respect thereof,

then the Option Shares received upon such exercise, or in the case of clause (b) above, the Option Shares that are not taken up and paid for, may be returned by the Optionee to the Company and reinstated as authorized but unissued Shares and with respect to such returned Option Shares, the Option shall be reinstated as if it had not been exercised. If any Option Shares are returned to the Company under this subsection 4.5, the Company shall immediately refund the exercise price to the Optionee for such Option Shares.

4.6 Acceleration of Expiry Date

If at any time when an Option granted under the Plan remains unexercised with respect to any Unissued Option Shares, an Offer is made by an offeror, the Directors may, upon notifying each Optionee of full particulars of the Offer, declare all Option Shares issuable upon the exercise of Options granted under the Plan, are Vested (subject to the proviso below), and declare that the Expiry Date for the exercise of all unexercised Options granted under the Plan is accelerated so that all Options will either be exercised or will expire prior to the date upon which Shares must be tendered pursuant to the Offer. The Directors shall give each Optionee as much notice as possible of the acceleration of the Options under this section, except that not less than 5 business days and not more than 35 days notice is required.

4.7 Effect of a Change of Control

If a Change of Control occurs, all Option Shares subject to each outstanding Option may be exercised in whole or in part by the Optionee.

4.8 Exclusion From Severance Allowance, Retirement Allowance or Termination Settlement

If the Optionee, or, in the case of a Management Company Employee or a Consultant Company, the Optionee's employer, retires, resigns or is terminated from employment or engagement with the Company or any subsidiary of the Company, the loss or limitation, if any, by the cancellation of the right to purchase Option Shares under the Option Agreement shall not give rise to any right to damages and shall not be included in the calculation of nor form any part of any severance allowance, retiring allowance or termination settlement of any kind whatsoever in respect of such Optionee.

4.9 Shares Not Acquired or Exercised

Any Unissued Option Shares not acquired by an Optionee under an Option which has expired, and any Option Shares acquired by an Optionee under an Option when exercised, may be made the subject of a further Option granted pursuant to the provisions of the Plan.

5. ADJUSTMENT OF OPTION PRICE AND NUMBER OF OPTION SHARES

5.1 Share Reorganization

Whenever the Company issues Shares to all or substantially all holders of Shares by way of a stock dividend or other distribution, or subdivides all outstanding Shares into a greater number of Shares, or combines or consolidates all outstanding Shares into a lesser number of Shares (each of such events being herein called a "Share Reorganization") then effective immediately after the record date for such dividend or other distribution or the effective date of such subdivision, combination or consolidation, for each Option:

(a) the Option Price will be adjusted to a price per Share which is the product of:

(i) the Option Price in effect immediately before that effective date or record date; and

(ii) a fraction, the numerator of which is the total number of Shares outstanding on that effective date or record date before giving effect to the Share Reorganization, and the denominator of which is the total number of Shares that are or would be outstanding immediately after such effective date or record date after giving effect to the Share Reorganization; and

(b) the number of Unissued Option Shares will be adjusted by multiplying (i) the number of Unissued Option Shares immediately before such effective date or record date by (ii) a fraction which is the reciprocal of the fraction described in subparagraph (a)(ii).

5.2 Special Distribution

Subject to the prior approval of the Exchanges, whenever the Company issues by way of a dividend or otherwise distributes to all or substantially all holders of Shares:

(a) shares of the Company, other than the Shares;

(b) evidences of indebtedness;

(c) any cash or other assets, excluding cash dividends (other than cash dividends which the Board of Directors of the Company has determined to be outside the normal course); or

(d) rights, options or warrants,

then to the extent that such dividend or distribution does not constitute a Share Reorganization (any of such non-excluded events being herein called a "Special Distribution"), and effective immediately after the record date at which holders of Shares are determined for purposes of the Special Distribution, for each Option the Option Price will be reduced, and the number of Unissued Option Shares will be correspondingly increased, by such amount, if any, as is determined by the Board in its sole and unfettered discretion to be appropriate in order to properly reflect any diminution in value of the Option Shares as a result of such Special Distribution.

5.3 Corporate Organization

Whenever there is:

(a) a reclassification of outstanding Shares, a change of Shares into other shares or securities, or any other capital reorganization of the Company, other than as described in subsections 5.1 or 5.2;

(b) a consolidation, merger or amalgamation of the Company with or into another corporation resulting in a reclassification of outstanding Shares into other shares or securities or a change of Shares into other shares or securities; or

(c) a transaction whereby all or substantially all of the Company's undertaking and assets become the property of another corporation,

(any such event being herein called a "Corporate Reorganization") the Optionee will have an option to purchase (at the times, for the consideration, and subject to the terms and conditions set out in the Plan) and will accept on the exercise of such option, in lieu of the Unissued Option Shares which he would otherwise have been entitled to purchase, the kind and amount of shares or other securities or property that he would have been entitled to receive as a result of the Corporate Reorganization if, on the effective date thereof, he had been the holder of all Unissued Option Shares or if appropriate, as otherwise determined by the Directors.

5.4 Determination of Option Price and Number of Unissued Option Shares

If any questions arise at any time with respect to the Option Price or number of Unissued Option Shares deliverable upon exercise of an Option following a Share Reorganization, Special Distribution or Corporate Reorganization, such questions shall be conclusively determined by the Company's auditor, or, if they decline to so act, any other firm of Chartered Accountants in Vancouver, British Columbia, that the Directors may designate and who will have access to all appropriate records and such determination will be binding upon the Company and all Optionees.

5.5 Regulatory Approval

Any adjustment to the Option Price or the number of Unissued Option Shares purchasable under the Plan pursuant to the operation of any one of subsection 5.1, 5.2 or 5.3 is subject to the approval of the Exchanges where required pursuant to their policies and any other governmental authority having jurisdiction.

6. MISCELLANEOUS

6.1 Right to Employment

Neither this Plan nor any of the provisions hereof shall confer upon any Optionee any right with respect to employment or continued employment with the Company or any subsidiary of the Company or interfere in any way with the right of the Company or any subsidiary of the Company to terminate such employment.

6.2 Necessary Approvals

The Plan shall be effective only upon the approval of the shareholders of the Company given by way of an ordinary resolution. Any Options granted under this Plan prior to such approval shall only be exercised upon the receipt of such approval. Disinterested shareholder approval (as required by the Exchanges) will be obtained for any reduction in the exercise price of any Option granted under this Plan if the Optionee is an Insider of the Company at the time of the proposed amendment. The obligation of the Company to sell and deliver Shares in accordance with the Plan is subject to the compliance with the policies of the Exchanges and applicable securities rules or regulations of any governmental authority having jurisdiction. If any Shares cannot be issued to any Optionee for any reason, including, without limitation, the failure to comply with such policies, rules or regulations or to obtain such shareholder approval, then the obligation of the Company to issue such Shares shall terminate and any Option Price paid by an Optionee to the Company shall be immediately refunded to the Optionee by the Company.

6.3 Administration of the Plan

The Directors shall, without limitation, have full and final authority in their discretion, but subject to the express provisions of the Plan, to interpret the Plan, to prescribe, amend and rescind rules and regulations relating to the Plan and to make all other determinations deemed necessary or advisable in respect of the Plan. Except as set forth in subsection 5.4, the interpretation and construction of any provision of the Plan by the Directors shall be final and conclusive. Administration of the Plan shall be the responsibility of the appropriate officers of the Company and all costs in respect thereof shall be paid by the Company.

6.4 Income Taxes

As a condition of and prior to participation of the Plan any Optionee shall on request authorize the Company in writing to withhold from any remuneration otherwise payable to him or her any amounts required by any taxing authority to be withheld for taxes of any kind as a consequence of his or her participation in the Plan.

6.5 Amendments to the Plan

The Directors may from time to time, subject to applicable law and to the prior approval, if required, of the Exchanges or any other regulatory body having authority over the Company or the Plan, suspend, terminate or discontinue the Plan at any time, or amend or revise the terms of the Plan or of any Option granted under the Plan and the Option Agreement relating thereto, provided that no such amendment, revision, suspension, termination or discontinuance shall in any manner adversely affect any option previously granted to an Optionee under the Plan without the consent of that Optionee.

6.6 Amendments without Shareholder Approval

Without limiting the generality of the foregoing, the Board may make the following amendments to the Plan or awards thereunder, without obtaining shareholder approval:

(a) amendments to the terms and conditions of the Plan or awards thereunder necessary to ensure that the Plan or awards thereunder complies with the applicable laws, regulations, rules, orders of governmental or regulatory authorities or the requirements of the Exchanges in place from time to time;

(b) amendments to the provisions of the Plan or awards thereunder respecting administration of the Plan and eligibility for participation under the Plan;

(c) amendments to the provisions of the Plan or awards thereunder respecting the terms and conditions on which grants may be made pursuant to the Plan, including the provisions relating to the vesting and Expiry Date.;

(d) amendments to the Plan or awards thereunder that are of a "housekeeping" nature; and

(e) and any other amendments, fundamental or otherwise, not requiring shareholder approval under applicable laws or applicable policies of the Exchanges.

6.7 Amendments Requiring Shareholder Approval

Without limiting the generality of the foregoing, the Board may not, without the approval of the Company's shareholders, make the following amendments to the Plan:

(a) a reduction in the Option Price benefiting an Insider of the Company;

(b) an extension of the Expiry Date benefiting an Insider of the Company;

(c) any amendment to remove or to increase the Insider participation limits described in section 3.2;

(d) an increase to the maximum number of Shares issuable as a fixed percentage of the Company's outstanding capital represented by such Shares; and

(e) amendments to an amending provision within the Plan.

6.8 Form of Notice

A notice given to the Company shall be in writing, signed by the Optionee and delivered to the head business office of the Company, substantially in the form of Schedule "B".

6.9 No Representation or Warranty

The Company makes no representation or warranty as to the future market value of any Shares issued in accordance with the provisions of the Plan.

6.10 Compliance with Applicable Law

If any provision of the Plan or any Option Agreement contravenes any law or any order, policy, by-law or regulation of any regulatory body or Exchanges having authority over the Company or the Plan, then such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith.

6.11 No Assignment

No Optionee may assign any of his or her rights under the Plan or any Option granted thereunder.

6.12 Rights of Optionees

An Optionee shall have no rights whatsoever as a shareholder of the Company in respect of any of the Unissued Option Shares (including, without limitation, voting rights or any right to receive dividends, warrants or rights under any rights offering).

6.13 Conflict

In the event of any conflict between the provisions of this Plan and an Option Agreement, the provisions of this Plan shall govern.

6.14 Governing Law

The Plan and each Option Agreement issued pursuant to the Plan shall be governed by the laws of the Province of British Columbia.

6.15 Time of Essence

Time is of the essence of this Plan and of each Option Agreement. No extension of time will be deemed to be or to operate as a waiver of the essentiality of time.

6.16 Entire Agreement

This Plan and the Option Agreement sets out the entire agreement between the Company and the Optionees relative to the subject matter hereof and supersedes all prior agreements, undertakings and understandings, whether oral or written.

SCHEDULE "A"
AVINO SILVER & GOLD MINES LTD.
STOCK OPTION PLAN

OPTION AGREEMENT

This Option Agreement is entered into between Avino Silver & Gold Ltd. (the "Company") and the Optionee named below pursuant to the Company Stock Option Plan (the "Plan"), a copy of which is attached hereto, and confirms that:

1. on ■, 201■ (the "Grant Date");

2. ■ (the "Optionee");

3. was granted the option (the "Option") to purchase ■ common shares (the "Option Shares") of the Company;

4. for the price (the "Option Price") of $■ per share;

5. which shall be exercisable as fully vested from the Grant Date [*NTD: unless vesting schedule required by board*];

6. When the Option is exercised and prior to the delivery of the Option Shares, the Company will forthwith calculate all applicable Canadian government withholdings and taxes of the Optionee in connection with the exercise, and the Optionee agrees to pay to the Company such withholdings and taxes, which will then be remitted by the Company to Canada Revenue Agency and any applicable Provincial taxing authority, and reflected on any annual statement of remuneration issued by the Company to the Optionee;

7. terminating on the ■, 201■ (the "Expiry Date");

all on the terms and subject to the conditions set out in the Plan. For greater certainty, once Option Shares have been granted, they continue to be exercisable until the termination or cancellation thereof as provided in this Option Agreement and the Plan.

By signing this Option Agreement, the Optionee acknowledges that the Optionee has read and understands the Plan and agrees to the terms and conditions of the Plan and this Option Agreement.

IN WITNESS WHEREOF the parties hereto have executed this Option Agreement as of the ■ day of ■, 201■.

AVINO SILVER & GOLD MINES LTD.
Per:

OPTIONEE

Authorized Signatory

SCHEDULE "B"
AVINO SILVER & GOLD MINES LTD.
STOCK OPTION PLAN

NOTICE OF EXERCISE

TO: **AVINO SILVER & GOLD MINES LTD. (the "Company")**

This constitutes notice under my stock option agreement that I elect to purchase the number of common shares of the Company for the price set forth below.

Number of common shares as to which option is exercised: _____

Total exercise price: _____

The common shares are to be issued as follows:

Name: _____

Address in full: _____

_____

_____

By this exercise, I agree to provide for the payment by me to the Company (in the manner designated by the Company) of the Company's withholdings obligation, if any, relating to the exercise of this option.

DATED this _____ day of _____, 20____.

_____
(Signature of Optionee)

_____
(Print full name)

AGENCY AGREEMENT

April 27, 2018

Avino Silver & Gold Mines Ltd.
900-570 Granville St.
Vancouver, BC
V6C 3P1

Attention: Mr. David Wolfin
President and Chief Executive Officer

Ladies and Gentlemen:

The undersigned, Cantor Fitzgerald Canada Corporation ("**Cantor Fitzgerald**" or the "**Agent"**) understands that Avino Silver & Gold Mines Ltd. (the "Company") proposes to issue on a "best efforts" private placement basis at the Closing Time (as defined herein), 2,500,000 common shares in the capital of the Company to be issued as "flow-through shares" (the "**Offered Shares**") within the meaning of the Tax Act (as hereinafter defined) at a purchase price of $2.00 per Offered Share, for aggregate gross proceeds of up to $5,000,000. The offering by the Corporation of the Offered Shares is referred to in this Agreement as the "**Offering**".

The Company also grants the Agent an option (the "**Agent's Option**"), exercisable in whole or in part at the sole discretion of the Agent at any time and from time to time for a period of up to two (2) days prior to any Closing Date, to arrange for the sale of up to an additional 500,000 Offered Shares at a purchase price of $2.00 per Offered Share (the "**Additional Shares**"), representing up to 20% of the Offering, for additional gross proceeds of up to $1,000,000. The Agent's Option shall be exercisable by the Agent at any time for a period of up to two (2) days prior to any Closing Date by delivery of written notice to the Company, which notice shall specify the number of Additional Shares to be issued and sold. The Additional Shares shall have the same attributes as the Offered Shares. All references in this Agreement to the Offered Shares shall include any Additional Shares.

The following are the terms and conditions of the agreement between the Company and the Agent:

ARTICLE 1
INTERPRETATION

Section 1.1 Definitions

In this Agreement, in addition to the terms defined above, the following terms shall have the following meanings:

"**Aggregate Subscription Price**" means the aggregate subscription proceeds from the sale and issue of the Offered Shares of up to $5,000,000;

"**Agreement**" means this agency agreement, being the agreement resulting from the acceptance by the Company of the offer made by the Agent hereby;

"**BCBCA**" means the *Business Corporations Act* (British Columbia);

"**Business Day**" means a day other than a Saturday, Sunday or any other day on which the principal chartered banks located in the cities of Toronto, Ontario and Vancouver, British Columbia are not open for business;

"**Canadian Exploration Expense**" or "**CEE**" means an expense or expenses as described in paragraph (f) of the definition of "Canadian exploration expense" in subsection 66.1(6) of the Tax Act, or would be described in paragraph (h) of that definition if the reference therein to paragraphs (a) to (d) and (f) to (g.4) was a reference to paragraph (f), excluding amounts which are prescribed to be "Canadian exploration and development overhead expenses" (as defined in the Regulations for purposes of paragraph 66(12.6)(b) of the Tax Act) of the Company, the amount of any assistance described in paragraph 66(12.6)(a) of the Tax Act or amounts which constitute specified expenses for seismic data described in paragraph 66(12.6)(b.1) of the Tax Act or any expenses for prepaid services or rent that do not qualify as outlays and expenses for the period as described in the definition of "expense" in subsection 66(15) of the Tax Act;

"**Cantor Fitzgerald**" or "**Agent**" has the meaning ascribed to such term on the face page of this Agreement;

"**Closing**" means, on any Closing Date, the completion of the purchase and sale of the Offered Shares as contemplated by this Agreement and the Subscription Agreements;

"**Closing Date**" means April 27, 2018 or other date or dates as the Company and the Agent may agree upon in writing and in the event of two or more Closings means the date on which the applicable Closing occurs;

"**Closing Time**" means 8:00 a.m. (Toronto time) on the Closing Date or such other time on any Closing Date as the Company and the Agent may determine;

"**Commitment Amount**" means the amount equal to the Aggregate Subscription Price;

"**Common Share**" means a common share in the capital of the Company;

"**Company**" has the meaning ascribed to such term on the face page of this Agreement;

"**CRA**" means the Canada Revenue Agency;

"**Environmental Laws**" has the meaning ascribed to such term in Section 4.1(1)(w);

"**Expenditure Period**" means the period commencing on the date the first Subscription Agreement is signed and ending on the earlier of (i) the date on which the Commitment Amount has been fully expended in accordance with the terms thereof; and (ii) December 31, 2019;

"**Financial Statements**" means the audited consolidated financial statements of the Company for the fiscal year ended December 31, 2017 and December 31, 2016 and the unaudited condensed interim financial statements for the nine months ended September 30, 2017 and September 30, 2016;

"**Flow-Through Mining Expenditures"** means CEE that qualifies as a "flow-through mining expenditure" as defined in subsection 127(9) of the Tax Act;

"**Governmental Authority**" means (i) any federal, provincial, state, local, municipal, national or international government or governmental authority, regulatory or administrative agency, governmental commission, department, board, bureau, agency or instrumentality, court, tribunal, arbitrator or arbitral body (public or private); (ii) any stock exchange or self-regulatory organization; or (iii) any political subdivision of any of the foregoing;

"**Governmental Licences**" has the meaning ascribed to such term in Section 4.1(1)(r);

"**Hazardous Materials**" has the meaning ascribed to such term in Section 4.1(1)(v);

"**Indemnified Party**" and "**Indemnified Parties**" have the meanings ascribed to such terms in Section 7.2;

"Law" means any and all laws, including all federal, provincial, state and local statutes, codes, ordinances, guidelines, decrees, rules, regulations and municipal by- laws and all judicial, arbitral, administrative, ministerial, departmental or regulatory judgments, orders, directives, decisions, rulings or awards or other requirements of any Governmental Authority, binding on or affecting the person referred to in the context in which the term is used;

"**Letter Agreement**" means the letter agreement dated April 5, 2018 between the Company and the Agent;

"**Liens**" means any encumbrance or title defect of whatever kind or nature, regardless of form, whether or not registered or registrable and whether or not consensual or arising by law (statutory or otherwise), including any mortgage, lien, charge, hypothec, pledge or security interest, whether fixed or floating, or any assignment, lease, option, right of pre-emption, privilege, encumbrance, easement, servitude, right of way, restrictive covenant, right of use or any other right of claim or claim of any kind or nature whatsoever which affects ownership or possession of, or title to, any interest in, or the right to use or occupy such property or assets;

"**Losses**" has the meaning ascribed to that term in Section 7.2;

"**Material Adverse Effect**" means any fact, change, event, violation, circumstance or effect which is or could reasonably be expected to have a material adverse effect on the Company's business, affairs, liabilities (absolute, accrued, contingent or otherwise), capital, operations, financial condition, properties, assets or prospects, in all cases, considered on a consolidated basis;

"**Material Properties**" means the Avino Mine and San Gonzalo Mine located in Mexico and Bralorne Mine in the province of British Columbia;

"**Material Subsidiaries**" means, collectively, Oniva Silver and Gold Mines S.A. de C.V., Promotora Avino, S.A. de C.V., Compañía Minera Mexicana de Avino, S.A. de C.V. and Bralorne Gold Mines Ltd.;

"**Mining Claims**" has the meaning ascribed to that term in Section 4.1(1)(t)(ii);

"misrepresentation", "material fact", "material change", "affiliate", "associate", and "distribution" have the respective meanings ascribed thereto in the Securities Act (Ontario) in effect on the date hereof;

"**NI 43-101**" means National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*;

"**NI 45-106**" means National Instrument 45-106 — Prospectus Exemptions;

"**NI 52-109**" means National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*;

"**notice**" has the meaning ascribed to such term in Section 7.6;

"**NYSE American**" means NYSE American LLC;

"**Offered Shares"** has the meaning ascribed to such term on the face page of this Agreement;

"**Offering**" means the issuance and sale of the Offered Shares pursuant to this Agreement;

"**Person**" includes any individual (whether acting as an executor, trustee administrator, legal representative or otherwise), corporation, firm, partnership, sole proprietorship, syndicate, joint venture, trustee, trust, unincorporated organization or association, and pronouns have a similar extended meaning;

"**Prescribed Share**" has the meaning set forth in subsection 6202.1 of the Regulations;

"**Principal-Business Corporation**" has the meaning set forth in subsection 66(15) of the Tax Act;

"**Private Placement Exemption**" means the "accredited investor" exemption under Section 2.3 of NI 45-106 or the "minimum investment amount" exemption under Section 2.10 of NI 45-106, as applicable;

"**Public Disclosure Documents**" means, collectively, all of the documents which have been filed on SEDAR by or on behalf of the Company since January 1, 2016 to the Closing Time with the relevant Securities Regulators pursuant to the requirements of Securities Laws;

"**Purchasers**" mean, collectively, those persons who are purchasing the Offered Shares as contemplated herein;

"**Qualified Expenditures**" means Resource Expenses (i) incurred by the Company on properties of the Company located in British Columbia, (ii) that qualify as Flow-Through Mining Expenditures, and (iii) that qualify as a "BC flow-through mining expenditure" within the meaning of subsection 4.721(1) of the *Income Tax Act* (British Columbia);

"**Regulations**" refers to the Income Tax Regulations, as amended from time to time, promulgated under the Tax Act from time to time including any specific proposals to amend the Regulations that is publicly announced by the Minister of Finance (Canada) to have effect prior to the date hereof;

"**Resource Expenses**" means expenses, each of which is a CEE and which are incurred on or after the Closing Date and on or before December 31, 2019 which may, provided that the subscriber (and if the subscriber is a partnership, each partner thereof) deals with the Company on an arm's length basis for purposes of the Tax Act at all relevant times, be renounced by the Company pursuant to subsections 66(12.6) and 66(12.66) of the Tax Act with an effective date not later than December 31, 2018 and in respect of which, but for the renunciation, the Company would be entitled to a deduction from income for income tax purposes.

"**Securities Laws**" means all applicable securities Laws in each of the Selling Jurisdictions, together with applicable published fee schedules, prescribed forms, policy statements, notices, orders, blanket rulings and other regulatory instruments of the Securities Regulators in such provinces and all rules and requirements of the TSX;

"**Securities Regulators**" means, collectively, the securities commissions, regulators or other securities regulatory authorities in the Selling Jurisdictions;

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval of the Canadian Securities Administrators available electronically at www.sedar.com;

"**Selling Jurisdictions**" has the meaning ascribed to such term in Section 2.1(1);

"**Standard Listing Conditions**" means the customary post-closing conditions imposed by the TSX and NYSE American LLC in similar circumstances to the Offering;

"**Subscription Agreements**" means, the subscription agreements for the Offered Shares in the form agreed upon by the Agent and the Company pursuant to which Subscribers agree to subscribe for and purchase Offered Shares pursuant to the Offering as herein contemplated and shall include, for greater certainty, all schedules thereto; and "**Subscription Agreement**" means any one of them, as the context requires;

"**Tax Act**" means the *Income Tax Act* (Canada), as amended from time to time including any specific proposals to amend the Tax Act that are publicly announced by the Minister of Finance (Canada) to have effect prior to the date hereof;

"**Transaction Documents**" has the meaning ascribed to such term in Section 5.2(f)(iii);

"**Transfer Agent**" means Computershare Trust Company of Canada, in its capacity as transfer agent and registrar of the Company, at its office in the City of Vancouver, British Columbia;

"**TSX**" means the Toronto Stock Exchange;

"**Agent's Fee**" has the meaning ascribed to such term in Section 2.2;

"**United States**" and "**U.S.**" means the United States of America, its territories and possessions, any state of the United States and the District of Columbia; and

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended.

Section 1.2 Construction.

(1) In this Agreement a reference to "knowledge" of the Company means to the actual knowledge of Gary Robertson, David Wolfin, Carlos Rodriguez, Malcolm Davidson and Dorothy Chin, in all cases after reasonable inquiry.

(2) The words "hereof," "hereto," "herein" and "hereunder" and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular provision of this Agreement.

(3) Words defined in the singular shall have a comparable meaning when used in the plural, and vice versa.

(4) The words "Dollars" and "$" mean Canadian dollars.

(5) Wherever the word "include," "includes" or "including" is used in this Agreement, it shall be deemed to be followed by the words "without limitation".

(6) References herein to any Law shall be deemed to refer to such Law as amended, re-enacted, supplemented or superseded in whole or in part and in effect from time to time and also to all rules and regulations promulgated thereunder together with all applicable policy statements, multilateral instruments or national instruments, published blanket orders and rulings issued or adopted by any Governmental Authority enforcing such Law.

(7) The headings contained in this Agreement are intended solely for convenience and shall not affect the construction or interpretation of this Agreement or the rights or obligations of the parties.

(8) If the last day for the giving of any notice or the performance of any act required or permitted under this Agreement is a day that is not a Business Day, then the time for the giving of such notice or the performance of such action shall be extended to the next succeeding Business Day.

(9) References in this Agreement to "agreement" refers to any contract, agreement, obligation, right, promise, undertaking, commitment, understanding or other arrangement (in each case, whether written or oral).

ARTICLE 2
TERMS AND CONDITIONS

Section 2.1 Offering

(1) Subject to the terms and conditions of this Agreement, the Company hereby appoints the Agent, and the Agent hereby agrees to act as the exclusive agent of the Company, to offer the Offered Shares for sale on a private placement basis in each of the provinces of Canada (the "**Selling Jurisdictions**") and to solicit and procure, on a reasonable "best efforts" basis, Purchasers of Offered Shares on behalf of the Company in compliance with all applicable Securities Laws and the laws of such other jurisdictions such that the offer and sale of the Offered Shares does not obligate the Company to file a prospectus or an offering memorandum in Canada under the applicable Securities Laws or a comparable document elsewhere under the laws of such other jurisdictions.

(2) Each Purchaser shall purchase the Offered Shares under a Private Placement Exemption. The Agent will notify the Company with respect to the identity of any Purchaser as soon as practicable and with a view to leaving sufficient time to allow the Company to secure compliance with all relevant regulatory requirements of the Selling Jurisdictions and in such other jurisdictions as the Agent and the Company shall determine relating to the sale of the Offered Shares. The Company undertakes to file, or cause to be filed, all forms or undertakings required to be filed by the Company and to pay all filing fees in connection with the issue and sale of the Offered Shares so that the distribution of such securities may lawfully occur without the necessity of filing a prospectus or an offering memorandum in Canada or a comparable document elsewhere.

(3) The Agent covenants to the Company that it shall: (a) take reasonable steps to confirm that each Purchaser meets the terms and conditions of the Private Placement Exemption, obtain, as necessary, and retain relevant information and documentation to evidence the steps taken to verify compliance with the Private Placement Exemption in accordance with its document retention policies and procedures in compliance with applicable Laws, and provide to the Company forthwith, upon request and upon reasonable notice and subject to obligations of confidentiality, all such information or documentation obtained from the Purchaser as the Company may reasonably request in good faith and solely for the purpose of verifying compliance with the Private Placement Exemption and any other applicable Laws and in connection with a review by any of the Securities Regulators or other Governmental Authorities (including the CRA) of the Company's compliance with the Private Placement Exemption or other applicable Laws, including obtaining from each Purchaser a duly completed and executed Subscription Agreement, together with all other subscription documents (including documents required by the TSX and NYSE American, if any) as may be necessary in connection with subscriptions for Offered Shares to ensure compliance with applicable Laws; (b) use commercially reasonable efforts to ensure that any selling agent appointed by the Agent in connection with sales of the Offered Shares agrees with the Agent to comply with the covenants and obligations of the Agent contained herein; and (c) execute and deliver to the Company, subject to the terms and conditions of this Agreement, any certificate required to be executed by them under Securities Laws or other applicable Laws in connection with the Offering provided that the Agent is satisfied, acting reasonably, that it is appropriate and responsible to do so.

(4) Any certificates representing the Offered Shares delivered at Closing shall contain such restrictive legends regarding resale of such securities as are set forth in the Subscription Agreements.

Section 2.2 Agent's Compensation

(1) In consideration for the performance of its obligations hereunder, the Company shall pay to the Agent a cash payment equal to 7.00% of the gross proceeds of the Offering (the "**Agent's Fee**"). The obligation of the Company to pay the Agent's Fee shall arise at the Closing Time and the Agent's Fee shall be fully earned by the Agent upon the completion of the Offering. The Company shall pay any goods and services tax and harmonized sales tax imposed by the *Excise Tax Act* (Canada) and any other applicable sales tax applicable in respect of the Agent's Fee.

(2) The Agent shall be entitled to appoint a soliciting dealer group consisting of other registered dealers acceptable to the Company acting reasonably for the purposes of arranging for Purchasers of Offered Shares.

(3) The Agent may retain one or more registered securities brokers or investment dealers to act as selling agent in connection with the sale of the Offered Shares but the compensation payable to such selling agent shall be the sole responsibility of the Agent, and only as permitted by and in compliance with applicable Securities Laws, upon the terms and conditions set forth in this Agreement, and the Agent will require each such selling agent to so agree.

ARTICLE 3
REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE AGENT

Section 3.1 Representations and Warranties of the Agent.

The Agent represents and warrants to the Company and acknowledges that the Company is relying upon such representations and warranties, as of the date of this Agreement and as of the Closing Date, that:

(a) it has been duly created and is validly existing under the laws of its jurisdiction of incorporation, continuation, amalgamation or organization;

(b) it has all requisite corporate power and authority to enter into, deliver and carry out its obligations under this Agreement and complete the transactions contemplated under this Agreement on the terms and conditions set forth herein;

(c) it is duly registered and in good standing as a broker-dealer under applicable Securities Laws in each of the Selling Jurisdictions where it has solicited offers to purchase Offered Shares; and

(d) to its knowledge, the Company is not a "connected issuer" (as such term is defined in National Instrument 33-105 – *Underwriting Conflicts*) to such Agent.

Section 3.2 Covenants of the Agent.

The Agent covenants to the Company and acknowledges that the Company is relying on such covenants, that it shall:

(a) offer the Offered Shares on a private placement basis in accordance with the terms and conditions of this Agreement and in compliance with applicable Securities Laws and only solicit offers to purchase Offered Shares from such Persons and in such manner that, pursuant to applicable Securities Laws, no prospectus or similar document need be delivered or filed, other than any prescribed reports of the issue and sale of the Offered Shares;

(b) not deliver to any prospective Purchaser any document or material which constitutes an offering memorandum as defined under applicable Securities Laws and other applicable securities laws of other jurisdictions;

(c) not directly or indirectly solicit offers to purchase or sell the Offered Shares in any jurisdiction other than the Selling Jurisdictions and in such other jurisdictions as the Agent and the Company shall agree;

(d) refrain from any form of general advertising or any form of general solicitation in connection with the Offering in: (i) printed media of general and regular circulation or any similar medium; (ii) radio; (iii) television; or (iv) electronic media, nor shall it conduct any seminar or meeting concerning the offer and sale of the Offered Shares whose attendees have been invited by any form of general solicitation or general advertising; and

(e) obtain from each Purchaser an executed Subscription Agreement and shall deliver copies of such agreements to the Company at least two (2) Business Days prior to the date scheduled for Closing, together with all documentation (as supplied to the Agent by the Company) as may be necessary under applicable Securities Laws in connection with the distribution of the Offered Shares and as may be reasonably required by the Company in order to confirm the availability of a Private Placement Exemption, in form acceptable to the Company and the Agent.

ARTICLE 4
REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE COMPANY

Section 4.1 Representations and Warranties of the Company.

(1) The Company represents and warrants to the Agent, and acknowledges that it is relying upon such representations and warranties in acting as the exclusive agent of the Company, to offer the Offered Shares for sale on a private placement basis in the Selling Jurisdictions, as of the date of this Agreement and as of the Closing Date, that:

(a) *Good Standing of the Company*. The Company has been incorporated and is validly existing under the BCBCA, and has all requisite corporate capacity, power and authority to carry on its business as now conducted, to own, lease and operate its properties and assets, and to carry out the transactions contemplated by this Agreement including executing and delivering the Transaction Documents (as defined herein) and carrying out its obligations thereunder; and the Company is duly qualified or authorized to transact business and is in good standing (in respect of the filing of annual returns where required or other information filings under applicable corporations information legislation) in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business;

(b) *Subsidiaries*. The Material Subsidiaries of the Company are all of the Company's significant subsidiaries (as such term is defined in Rule 1-02 of Regulation S-X promulgated by the U.S. Securities and Exchange Commission). With the exception that a portion of the share capital of each of the Company's Mexican subsidiaries is held by a nominee for the benefit of the Company in order to comply with the laws of Mexico, the Company owns, directly or indirectly, all of the equity interests of the Material Subsidiaries free and clear of any lien, charge, security interest, encumbrance, right of first refusal or other restriction, and all the equity interests of the Material Subsidiaries are validly issued and are fully paid, non-assessable and free of pre-emptive and similar rights;

(c) *Authorization of Transaction Documents and Securities*. At the Closing Time, (i) the Transaction Documents will have been duly authorized, executed and delivered by the Company and in each case, will be a legal, valid and binding obligation of, and is enforceable against, the Company in accordance with its terms (subject to bankruptcy, insolvency or other laws affecting the rights of creditors generally, the availability of equitable remedies and the qualification that rights to indemnity and waiver of contribution may be contrary to public policy or limited by applicable Laws); and (ii) the Offered Shares will have been duly authorized for sale and issuance to the Purchasers will have been duly authorized for issuance, all pursuant to the Transaction Documents and when issued and delivered by the Company pursuant to the Transaction Documents against payment of the consideration set forth therein, the Offered Shares will be validly issued as fully paid and non-assessable Common Shares. All corporate action required to be taken by the Company for the authorization, issuance, sale and delivery of the Offered Shares has been validly taken at the date hereof;

(d) *No Default*. None of the execution and delivery of the Transaction Documents, the performance by the Company of its obligations thereunder including, without limitation, the sale or issuance of the Offered Shares;

(i) require the consent, approval, authorization, registration or qualification of or with any Governmental Authority or other third party, except: (A) such as have been or will be obtained by the Closing Date; or (B) such as may be required under the applicable rules or requirements of the TSX and NYSE American or the Tax Act;

(ii) will violate, conflict with or result in any breach of (A) any of the constating documents of the Company; (B) any resolutions of the directors or shareholders of the Company; (C) any contracts to which the Company is a party or by which it is bound or to which any of its properties or assets is subject (each, a "**Contract**"); or (D) any Securities Laws (including the *Securities Act* (British Columbia)) to which the Company is subject; or

(iii) give rise to any Lien in or with respect to the properties or assets now owned by the Company, the termination of any Contracts, or the acceleration of or the maturity of any debt under any indenture, mortgage, lease, agreement or instrument binding or affecting the Company or any of its properties;

(e) *Bankruptcy and Insolvency.* The Company has not committed an act of bankruptcy and it is not insolvent, and it has not proposed a compromise or arrangement to its creditors generally, had a petition or a receiving order in bankruptcy filed against it, made a voluntary assignment in bankruptcy, taken any proceedings with respect to a compromise or arrangement, taken any proceedings to have itself declared bankrupt or wound-up or to have a receiver appointed for any of its property, had any person holding any Lien or receiver take possession of any of the property thereof, or had any execution or distress become enforceable or become levied upon any of its property or assets;

(f) *Dissolution or Liquidation.* No act or proceeding has been taken, instituted or, to the knowledge of the Company, is pending for or relating to the dissolution, liquidation, winding up, or reorganization of the Company;

(g) *Books and Records*. The minute books and records of the Company contain all records of the meetings and proceedings of its directors, shareholders, and committees of directors, if any, since incorporation; the minute books and records of the Company made available to counsel for the Agent in connection with its due diligence investigation of the Company are all of the minute books and records of the Company, contain all the materials required to be contained therein pursuant to all applicable Laws and are true and correct in all material respects;

(h) *Share Capital*. As of the date hereof, the authorized capital of the Company consists of an unlimited number of Common Shares. As of the close of business on the Business Day immediately preceding the date hereof, **52,805,653** Common Shares, **3,126,000** options to acquire Common Shares, **3,602,215** Common Share purchase warrants to acquire Common Shares and **592,172** restricted share units to acquire Common Shares of the Company are issued and outstanding, and there are no other securities of the Company issued and outstanding;

(i) *Absence of Rights*. The Offering is not subject to any pre-emptive right or other contractual right or obligation to purchase securities granted by the Company or to which the Company is subject, and there is no other right, agreement or option, present or future, contingent or absolute, or any right capable of becoming a right, agreement or option, for the issue or allotment of any unissued Common Shares or any other agreement or option, for the issue or allotment of any unissued Common Shares or any other security convertible into or exchangeable for any such Common Shares or to require the Company to purchase, redeem or otherwise acquire any of the issued and outstanding common shares, except for those options, warrants and restricted share units to acquire Common Shares listed in Section 4.1(1)(h);

(j) *Listed Securities*. The Common Shares are listed and posted for trading on the TSX and NYSE American and the Company has not taken any action which would be reasonably expected to result in the delisting or suspension of such securities on or from the TSX and NYSE American; the TSX and NYSE American has prior to the Closing Time on the Closing Date conditionally approved the Offering;

(k) *Disclosure*. The Company has filed all documents required to be filed by it under applicable Securities Laws, and the Public Disclosure Documents, were as of the date of such documents, true and correct in all material respects, contained no misrepresentation and no material change or material fact or facts were omitted therefrom which would make such information misleading in light of the circumstances in which it was made, as at the date thereof;

(l) *Financial Statements*. The Financial Statements and the notes thereto: (i) have been prepared in conformity with International Financial Reporting Standards ("**IFRS**"); (ii) contain no misrepresentation and present fairly, in all material respects, the financial position of the Company, on a consolidated basis, and the statements of operations, retained earnings, cash flow from operations and changes in financial information of the Company for the periods specified in such Financial Statements; and (iii) contain and reflect adequate provision or allowance for all reasonably anticipated liabilities, expenses and losses of the Company, and except as disclosed in the Financial Statements, there has been no change in accounting policies or practices of the Company since December 31, 2017. The corporate certifications filed by the Company in connection with the Financial Statements in accordance with NI 52-109, accurately attest that the financial statements together with the other financial information included in the filings fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented in the filings, and are in the form required by NI 52-109;

(m) *Independent Accountants*. The accountants who reported on and audited the Financial Statements are independent with respect to the Company within the meaning of the CPA Canada Handbook and its predecessor the Canadian Institute of Chartered Accountants Handbook, as applicable, and there has never been a reportable disagreement (within the meaning of National Instrument 51-102 – *Continuous Disclosure*) between the Company and such accountants;

(n) *Audit Committee*. The audit committee of the Company is comprised and operates in accordance with the requirements of National Instrument 52-110 - *Audit Committees*;

(o) *Internal Accounting Controls.* The Company maintains a system of internal accounting controls sufficient to provide reasonable assurances regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS and includes those policies and procedures that (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets; (ii) are designed to provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS and that receipts and expenditures are being made only in accordance with authorizations of management and directors of the Company; and (iii) are designed to provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the assets that could have a material effect on the annual or interim financial statements;

(p) *Liabilities*. The Company does not have any material liabilities, obligations, indebtedness or commitments, whether accrued, absolute, contingent or otherwise, which are not disclosed or referred to in the Financial Statements or referred to or disclosed herein or in the Public Disclosure Documents, other than liabilities, obligations, or indebtedness or commitments: (i) incurred in the normal course of business; and (ii) which would not reasonably be expected to have a material adverse effect.

(q) *Dividends.* The Company has not declared or paid any dividends or declared or made any other payments or distributions on or in respect of the Common Shares and has not, directly or indirectly, redeemed, purchased or otherwise acquired any of its shares or agreed to do so or otherwise effected any return of capital with respect to the Common Shares;

(r) *Possession of Licenses and Permits*. The Company has conducted and is conducting the business thereof in compliance in all material respects with all applicable Law of each jurisdiction in which it carries on business. All material permits, certificates, licenses, approvals, consents and other authorizations (collectively, **"Governmental Licenses**") issued by the appropriate Governmental Authority necessary to carry on the business currently carried on, or contemplated to be carried on, by it, are in place, or with respect to Government Licenses to conduct future activities, will be in place at the time such activities are commenced. There has been no breach of the material terms and conditions of all such Governmental Licenses. No notice of proceedings relating to the revocation or material modification of any such Governmental Licenses has been issued, threatened or is contemplated;

(s) *Title to Real Property*. At the Closing Time, all of the leases, subleases and agreements with respect to real property interests in the Material Properties (other than Mining Claims) are in full force and effect, and, the Company has not received any notice of any material claim of any sort that has been asserted by anyone adverse to the rights of the Company under any of the leases or subleases mentioned above, or affecting or questioning the rights of the Company to the continued possession of the property under any such lease, sublease or agreement;

(t) *Mining and Exploration Claims*. Except as disclosed in the Public Disclosure Documents:

(i) the Material Properties are the only mineral resource properties currently material to the Company in which the Company has an interest;

(ii) except otherwise as set out in the Public Disclosure Documents, all interests in mining, exploration and prospecting claims, authorizations, concessions, patents, exploitation or extraction or similar rights that are held by the Company in respect of the Material Properties (collectively, "**Mining Claims**") are in good standing, are valid and enforceable, are free and clear of any material Liens except otherwise as set out in the Public Disclosure Documents;

(iii) all assessments or other work required to be performed in relation to the Mining Claims, if any, have been performed to date and, except as disclosed in the Public Disclosure Documents, the Company has complied in all material respects with all applicable Laws in this regard as well as with regard to legal and contractual obligations to third parties in this regard, except in respect of Mining Claims that the Company intends to abandon or relinquish and except for any non-compliance which would not either individually or in the aggregate have a Material Adverse Effect on the Company;

(iv) the Company has all Mining Claims relating to the Material Properties in which the Company has an interest granting the Company the right and ability to explore for and exploit minerals, ore and metals for exploration and development purposes as are appropriate in view of the rights and interest therein of the Company, with only such exceptions as do not materially interfere with the current use made by the Company of the rights or interest so held;

(v) except otherwise as set out in the Public Disclosure Documents, the Company does not have any responsibility or obligation to pay any commission, royalty, license, fee or similar payment to any Person with respect to the property rights thereof, except where such fee or payment would not have a Material Adverse Effect on the Company, either individually or in the aggregate; and

(vi) all exploration and development activities on the Material Properties have been conducted in all respects in accordance with good mining and engineering practices and all applicable workers' compensation and health and safety and workplace Laws and policies have been duly complied with;

(u) *Mineral Project Information*. The technical reports entitled "Resource Estimate Update for the Avino Property Durango, Mexico" dated effective February 21, 2018, "Bralorne Gold Mine, British Columbia, Canada, NI 43-101 Technical Report" dated effective October 20, 2016 and "Technical Report: Tailings Retreatment Process Option Update" dated effective March 12, 2012, all as filed on SEDAR, are the "current" technical reports for the purposes of NI 43-101 at the time of filing thereof, as required by NI 43-101, and the Company believes that these technical reports reasonably present the quantity of mineral resources and mineral reserves attributable to the Material Properties as at the date stated therein based upon information available at the time the technical reports were prepared; the Company is in compliance, in all material respects, with the provisions of NI 43-101 and has filed all technical reports required thereby and there has been no disclosure of a change that would require the filing of a new technical report under NI 43-101;

(v) *Environmental Laws*. (i) To the Company's knowledge, the Company is in material compliance with all applicable Law, including any judicial or administrative order, consent decree or judgment, relating to pollution or protection of human health, the environment (including ambient air, surface water, groundwater, land surface or subsurface strata) or wildlife, including Laws relating to the release or threatened release of chemicals, pollutants, contaminants, wastes, toxic substances, hazardous substances, petroleum or petroleum products (collectively, "**Hazardous Materials**") or to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials (collectively, "**Environmental Laws**"); (ii) the Company has all material permits, authorizations and approvals required under any applicable Environmental Laws to conduct its business as currently conducted; (iii) there are no pending or, to the knowledge of the Company, threatened actions, suits, orders, demands, demand letters, claims, Liens, notices of non-compliance or violation, investigation or proceedings by any Governmental Authority relating to any Environmental Laws against the Company which if determined adversely, would reasonably be expected to restrict the right or ability of the Company to conduct its business in any material respect as presently conducted or have a Material Adverse Effect; and (iv) the Company is not subject to any contingent or other liability relating to the restoration or rehabilitation of land, water or any other part of the environment (except for those derived from normal exploration or mining activities) or non-compliance with Environmental Laws which would reasonably be expected to have a Material Adverse Effect;

(w) *Tribal or Native Authorities and Communities.* Other than as disclosed in the Public Disclosure Documents, the Company: (i) is not a party to any arrangement or understanding with local or First Nations or Metis or tribal or native authorities or communities in relation to the environment or development of communities in the vicinity of the Material Properties; or (ii) as of the date hereof, has not received notice of any claim with respect to the Material Properties for which the Company has been served, either from First Nations or Metis or tribal or native authorities or any other Governmental Authority, indicating that any portion of the Material Properties infringe upon or have an adverse effect on aboriginal rights or interests of such First Nations or Metis or tribal or native authorities;

(x) *Reporting Issuer*. The Company is a reporting issuer in each of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador and is not in default of any of its obligations under applicable Securities Laws of such provinces;

(y) *Compliance*. The Company is, and will at the Closing Time be, in compliance in all material respects with the rules and requirements of the TSX and NYSE American and no material change relating to the Company has occurred within the past twelve (12) months that has not been disclosed and that in relation thereto the requisite material change report has not been filed under applicable Securities Laws and no such disclosure has been made on a confidential basis that at the date hereof remains confidential;

(z) *No Material Adverse Effect*. Since December 31, 2017, (i) there has been no change in the condition (financial or otherwise), or in the properties, capital, affairs, prospects, operations, assets or liabilities of the Company, whether or not arising in the ordinary course of business, which would reasonably be expected to give rise to a Material Adverse Effect, and (ii) there have been no transactions entered into by the Company, other than those in the ordinary course of business, which are material with respect to the Company, in either case, except as disclosed in the Public Disclosure Documents; and (iii) the Company has not approved, is not contemplating, has not entered into any agreement in respect of, nor has any knowledge of: (A) the purchase of any property material to the Company or assets or any interest therein or the sale, transfer or other disposition of any property material to the Company or assets or any interest therein currently owned, directly or indirectly, by the Company whether by asset sale, transfer of shares or otherwise; or (B) the change of control (by sale or transfer of shares or sale of all or substantially all of the property and assets of the Company or otherwise) of the Company;

(aa) *Absence of Proceedings*. Other than as disclosed in the Public Disclosure Documents, there is no action, suit, proceeding, inquiry or investigation before or brought by any Governmental Authority, domestic or foreign, now pending or, to the knowledge of the Company, threatened against or affecting the Company, which has not been disclosed to the Agent or its counsel, or which if determined adversely, would reasonably be expected to have a Material Adverse Effect, or which, if determined adversely, would reasonably be expected to materially and adversely affect the consummation of the transactions contemplated in this Agreement or the performance by the Company of its obligations hereunder;

(bb) *Outstanding Judgments*. There is no outstanding judgment, order, decree, arbitral award or decision of any Government Authority against the Company, which, either separately or in the aggregate, may result in a Material Adverse Effect;

(cc) *No Cease Trade Orders*. No order ceasing or suspending trading in securities of the Company or prohibiting the sale of securities by the Company has been issued by an exchange or Securities Regulator, and no proceedings for this purpose have been instituted, or are, to the Company's knowledge, pending, contemplated or threatened;

(dd) *Directors and Officers*. To the knowledge of the Company, none of the directors or officers of the Company are now, or have ever been, subject to an order or ruling of any securities regulatory authority or stock exchange prohibiting such individual from acting as a director or officer of a public company or of a company listed on a particular stock exchange;

(ee) *Unlawful Payment*. None of the Company or, to the knowledge of the Company, any of its directors, officers, employees or agents has made any unlawful contribution or other payment to any official of, or candidate for, any federal, state, provincial or foreign office, or failed to disclose fully any contribution, in violation of any Law, or made any payment to any foreign, Canadian, United States or provincial or state governmental officer or official, or other Person charged with similar public or quasi-public duties, other than payments required or permitted by applicable Laws;

(ff) *Anti-Money Laundering.* The operations of the Company are and have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements of the money laundering Laws of all applicable jurisdictions, and any related or similar Laws issued, administered or enforced by any Governmental Authority (collectively, the "**Money Laundering Laws**") and no action, suit or proceeding by or before any Governmental Authority or non-Governmental Authority involving the Company with respect to the Money Laundering Laws is, to the knowledge of the Company, pending or threatened;

(gg) *Brokerage Fees*. Other than the Agent, there is no Person, acting or, to the knowledge of the Company, purporting to act, at the request of the Company, who is entitled to any brokerage or finder's fees in connection with the Offering contemplated herein;

(hh) *Material Agreements*. The Company is not (i) in violation of its articles or similar organizational documents; (ii) in violation or default, and no event has occurred that, with notice or lapse of time or both, would constitute such a violation or default, in the due performance or observance of any term, covenant or condition contained in any indenture, mortgage, deed of trust, loan agreement or other material agreement or instrument to which the Company is a party or by which the Company is bound or to which any of the property or assets of the Company is subject; or (iii) in violation of any applicable Law, except in the case of each of clauses (ii) and (iii) above, for any such violation or default that would not, individually or in the aggregate, have a Material Adverse Effect. To the Company's knowledge, no other party under any material agreements, contracts, arrangements or understandings (written or oral) to which it is a party is in violation or default in any respect thereunder where such violation or default would have a Material Adverse Effect. All of the current material agreements of the Company not made in the ordinary course of business have been disclosed in the Public Disclosure Documents and, if required under applicable Securities Laws have been filed with the appropriate Securities Regulators;

(ii) *Filings*. All material filings and fees required to be made and paid, respectively, by the Company pursuant to the BCBCA have been made and paid and such filings were true and accurate in all material respects as at the respective dates thereof;

(jj) *Interest of Insiders*. Except as disclosed in the Public Disclosure Documents, to the knowledge of the Company, none of the directors, officers or employees of the Company, any known holder of more than 10% of any class of shares of the Company, or any known associate or affiliate of any of the foregoing persons or companies has had any material interest, direct or indirect, in any material transaction within the previous two (2) years or has any material interest in any proposed material transaction involving the Company which, as the case may be, materially affected, is material to or will materially affect the Company;

(kk) *Voting Agreements*. The Company is not party to any agreement, nor is the Company aware of any agreement, which in any manner affects the voting control of any of the securities of the Company;

(ll) *Shareholder Agreements*. Neither the Company nor, to the knowledge of the Company, any of its shareholders is a party to any shareholders agreement, pooling agreement, voting trust or other similar type of agreements in respect of outstanding securities of the Company;

(mm) *Interest in Revenues*. Except as disclosed in the Public Disclosure Documents, no officer, director, employee or any other Person not dealing at arm's length with the Company, any associate or affiliate of such Person, owns, has or is entitled to any royalty, net profits interest, carried interest, licensing fee, or any other encumbrances or claims of any nature whatsoever which are based on the revenues of the Company, except for claims in the ordinary and normal course of the business of the Company such as for accrued vacation pay or other amounts or matters which would not be material to the Company;

(nn) *Employees*. All material employment agreements, severance agreements and change of control agreements and all employee plans, currently in place or proposed, have been disclosed to the Agent or in the Public Disclosure Documents. The Company is in material compliance with all Laws respecting employment and employment practices including terms and conditions of employment, occupational health and safety, pay equity and wages and there has not been in the last two (2) years and there is not currently any labour disruption or conflict involving the Company. The Company is not a party to a collective bargaining agreement. To the best of the Company's knowledge, there are no union organizing efforts being made at the Company;

(oo) *Interest in Other Companies*. The Company does not, directly or indirectly, beneficially own or exercise control or direction over 10% or more of the outstanding voting shares of any Person;

(pp) *Joint Venture and Partnership.* The Company is not party to and has not entered into any joint venture agreement or partnership agreement;

(qq) *Indebtedness*. Except as disclosed in the Public Disclosure Documents, the Company is not a party to any loan, bond, debenture, promissory note or other instrument evidencing indebtedness (demand or otherwise) for borrowed money or any agreement or commitment to create, assume or issue any debt instrument;

(rr) *Taxes*. All taxes of any nature, assessments, duties, levies, imports, charges, withholdings, remittances, including any penalties and interest payable with respect thereto, due and payable have been paid. All tax returns, reports, elections, remittances and payments of the Company required by applicable Law to have been filed or made in any applicable jurisdiction, have been filed or made (as the case may be), and are true, complete and correct in all material respects and all taxes of the Company which are not yet due and payable have been accrued in the Financial Statements; to the best of the knowledge of the Company, no examination of any tax return of the Company is currently in progress and there are no issues or disputes outstanding with any Governmental Authority respecting any taxes that have been paid, or may be payable, by the Company, in any case, except where such examinations, issues or disputes would not have a material adverse effect on the Company;

(ss) *Transfer Agent*. The Transfer Agent has been duly appointed as the transfer agent and registrar for the Common Shares;

(tt) *Share Certificates.* The definitive form of certificate representing the Common Shares is in proper form under the Laws of British Columbia, complies with the rules and requirements of the TSX, and does not conflict with the constating documents of the Company;

(uu) *Insurance*. The Company maintains insurance against loss of, or damage to, its assets by all insurable hazards or risks as are customarily insured against by companies operating or owning similar properties and conducting a business similar to the business of the Company, and the Company is not in default or breach with respect to any of the material provisions contained in any of its insurance policies nor has the Company failed to give any notice or present any material claim under any of its insurance policies in a due and timely fashion. All insurance policies maintained by the Company are in good standing and in full force and effect in all respects as of the date hereof;

(vv) *Intellectual Property*. The Company owns or has the right to use under license, sub-license or otherwise all material intellectual property used by the Company in its business, including copyrights, industrial designs, trade-marks, trade secrets, know-how and proprietary rights, free and clear of any and all Liens.

(ww) *Due Diligence Matters.* To the knowledge of the Company, all documents and information delivered and provided by or on behalf of the Company to the Agent as a part of its due diligence in connection with the Offering were complete and accurate in all material respects;

(xx) *Full Disclosure*. The representations, warranties and statements of fact of the Company contained in this Agreement or otherwise furnished by or on behalf of the Company to the Agent in connection with the Offering contain a misrepresentation or an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading to a prospective purchaser of equity securities of the Company. The Company does not have knowledge of any facts which should be known to the Company and which, if known by the Agent, might reasonably be expected to deter the Agent from completing the Offering;

(yy) *Principal-Business Corporation.* The Company is and will continue to be a Principal-Business Corporation until such time as all of the Resource Expenses required to be renounced under this Agreement and the Subscription Agreements have been incurred and validly renounced pursuant to the Tax Act;

(zz) *Qualified Expenditures.* The Company has no reason to believe that it will be not be able to incur, within the Expenditure Period, and, provided that the Purchaser (and if the Purchaser is a partnership, each partner thereof) deals with the Company on an arm's length basis for the purposes of the Tax Act at all relevant times, renounce to the Purchasers effective on or before December 31, 2018, Resource Expenses in an amount equal to the Commitment Amount in accordance with the terms of the Subscription Agreements, at least 75 percent of which will qualify as Qualified Expenditures; and

(aaa) *Offered Shares.* But for any agreement, arrangement, undertaking obligation or understanding to which the Company is not a party and of which it has no knowledge, upon issue, the Offered Shares will be "flow-through shares" as defined in subsection 66(15) of the Tax Act and will not constitute Prescribed Shares for the purposes of Regulation 6202.1. Neither the Company nor any corporation associated with it (as defined in the Tax Act) has been a party to any other agreement for the issuance of flow-through shares for which the required expenditures have not been incurred and renounced.

Section 4.2 Covenants of the Company.

(1) The Company hereby covenants to the Agent, and acknowledges that it is relying on such covenants in acting as the exclusive agent of the Company, to offer the Offered Shares for sale on a private placement basis in the Selling Jurisdictions with the purchase of the Offered Shares, that:

(a) for a period of 18 months from the Closing Date the Company shall use its commercially reasonable efforts to remain a corporation validly subsisting, licensed, registered or qualified as an extra-provincial or foreign corporation in all jurisdictions where the character of its properties owned or leased or the nature of the activities conducted by it make such licensing, registration or qualification necessary, and the Company shall carry on its business in the ordinary course and in compliance in all material respects with all applicable Laws of each such jurisdiction, provided that, in each case, this covenant shall not prevent the Company from completing any transaction so long as the holders of Common Shares receive securities of a Person that is listed on a recognized stock exchange, or cash, or the holders of the Common Shares have approved the transaction in accordance with the requirements of applicable corporate Laws and the policies of the TSX and NYSE American, or as a result of a takeover bid or similar transaction, nor shall this covenant apply if the directors of the Company determine in good faith that compliance with this covenant would be inconsistent with their fiduciary duties as directors of the Company;

(b) the Company shall use commercially reasonable efforts to maintain: (i) its status as a "reporting issuer" (or the equivalent thereof) not in default of the requirements of the Securities Laws in each of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador for a period of 18 months following the Closing Date; and (ii) the listing of the Common Shares on the TSX and NYSE American to the date which is 18 months following the Closing Date; provided that, in each case, this covenant shall not prevent the Company from completing any transaction so long as the holders of Common Shares receive securities of a Person that is listed on a recognized stock exchange, or cash, or the holders of the Common Shares have approved the transaction in accordance with the requirements of applicable corporate Laws and the policies of the TSX and NYSE American, or as a result of a takeover bid or similar transaction, nor shall this covenant apply if the directors of the Company determine in good faith that compliance with this covenant would be inconsistent with their fiduciary duties as directors of the Company;

(c) up until the Closing Time, the Company shall provide the Agent and its legal counsel with timely access to all information reasonably required to permit them to conduct a full due diligence investigation of the Company and its business operations, properties, assets, affairs and financial condition. In particular, the Company will make available to the Agent and its legal counsel, on a timely basis, all corporate and operating records, material agreements, technical and financial information, budgets, key officers, and other relevant information necessary in order to complete the due diligence investigation of the Company and its business operations, properties, assets, affairs and financial condition for this purpose, and without limiting the scope of the due diligence inquiries the Agent may conduct, to participate in one or more due diligence sessions to be held prior to the Closing Time;

(d) the Company shall duly execute and deliver the Subscription Agreements and any other documents required or reasonably requested by the Purchasers to be executed by the Company in connection with the Offering at the Closing Time, and comply with and satisfy all terms, conditions and covenants herein or therein contained to be complied with or satisfied by the Company;

(e) the Company shall, as soon as practicable, use its commercially reasonable best efforts to receive all necessary consents to the transactions contemplated herein;

(f) the Company shall ensure that the Offered Shares, upon issuance, shall be duly issued as fully paid and non-assessable Common Shares, and shall have the attributes corresponding in all material respects to the description thereof set forth in this Agreement and the Subscription Agreements;

(g) the Company shall ensure that the Offered Shares, upon issuance, will be listed and posted for trading on the TSX and NYSE American, subject to Standard Listing Conditions and transfer restrictions under applicable Securities Laws and the rules and requirements of the TSX and NYSE American;

(h) the Company shall use commercially reasonable efforts to fulfill or cause to be fulfilled, at or prior to the Closing Date, each of the conditions set out in Section 5.2;

(i) the Company shall execute and file with the Securities Regulators and the TSX and NYSE American, as applicable, all forms, notices and certificates required to be filed by the Company pursuant to the Securities Laws and the rules and requirements of the TSX in the time required by the applicable Securities Laws and the rules and requirements of the TSX and NYSE American, as applicable, including, for greater certainty, Form 45-106F1 of NI 45-106 and any other forms, notices and certificates set forth in the opinions delivered to the Agent pursuant to the closing conditions set forth in Section 5.2 hereof, as are required to be filed by the Company;

(j) the Company shall provide the Agent with a reasonable opportunity to review and provide comments on a draft of any proposed announcement or press release relating to the Offering and to obtain prior approval of the Agent as to the content and form thereof, such approval not to be unreasonably withheld or delayed;

(k) the Company shall not issue, agree to issue, or dispose of in any way Common Shares or any securities convertible or exercisable into Common Shares of the Company, other than: (i) as contemplated herein; (ii) pursuant to the grant of options or other securities in the normal course pursuant to the Company's employee stock option plan or other equity compensation plans, and the issuance of any Common Shares upon the exercise of such options or vesting of such securities; (iii) the issuance of equity securities pursuant to the exercise or conversion, as the case may be, of any warrants or other convertible securities of the Company outstanding on the date hereof; or (iv) the issuance of equity securities in connection with one or more bona fide acquisitions by the Company, for a period of 120 days following the Closing Date, without the prior written consent of the Agent, such consent not to be unreasonably withheld;

(l) the Company shall cooperate with the Agent in marketing the Offering, including, to the extent reasonable, by making its senior officers available to meet with prospective investors identified by the Agent;

(m) the Company shall use the Commitment Amount to incur Resource Expenses;

(n) the Company shall keep proper books, records and accounts of all Resource Expenses and all transactions affecting the Commitment Amount and the Resource Expenses and/or Qualified Expenditures, and upon reasonable notice, it will make such books, records and accounts available for inspection and audit by, or on behalf of, any of the Purchasers;

(o) the Company shall file the necessary forms, within the time permitted, so as to obtain a flow-through share issue identification number from the CRA in accordance with subsection 66(12.68) of the Tax Act;

(p) the Company shall incur, during the Expenditure Period, Resource Expenses in an amount not less than the Commitment Amount, so as to enable the Company to renounce to the Purchasers effective on or before December 31, 2018 (to the extent that the Purchasers (and if a Purchaser is a partnership, each partner thereof) deal with the Company on an arm's length basis for the purposes of the Tax Act at all relevant times), Resource Expenses in an amount equal to the Commitment Amount, at least 75 percent of which shall qualify as Qualified Expenditures;

(q) the Company shall renounce to the Purchasers, effective on or before December 31, 2018 (to the extent that the Purchasers (and if a Purchaser is a partnership, each partner thereof) deal with the Company on an arm's length basis for the purposes of the Tax Act at all relevant times), Resource Expenses incurred during the Expenditure Period in an amount equal to the Commitment Amount, at least 75 percent of which shall qualify as Qualified Expenditures;

(r) the Qualifying Expenditures shall be an expense incurred in respect of mining exploration activity all or substantially all of which is conducted in British Columbia for the purpose of determining the existence, location, extent or quality of a mineral resource (as defined in subsection 248(1) of the Tax Act) in British Columbia;

(s) all Resource Expenses renounced to the Purchasers pursuant to the Subscription Agreements will be Resource Expenses incurred by the Company that, but for the renunciation to the Purchasers, the Company would be entitled to deduct in computing its income for the purposes of Part I of the Tax Act, will not include any amount that has previously been renounced by the Company to the Purchasers or to any other Person and will not be subject to any reduction under subsection 66(12.73) of the Tax Act;

(t) if the Company receives, or becomes entitled to receive or may reasonably be expected to receive any "assistance", as defined in subsection 66(15) of the Tax Act, and the receipt of, or entitlement to, receive such assistance has, or will have, the effect of reducing the amount of Resource Expenses validly renounced to the Purchasers under the Subscription Agreements to less than the Commitment Amount, the Company shall incur sufficient additional Resource Expenses during the Expenditure Period to be able to renounce to the Purchasers Resource Expenses in an amount equal to the Commitment Amount, at least 75 percent of which shall qualify as Qualified Expenditures;

(u) the Company shall deliver to each Purchaser, in accordance with the Subscription Agreements, not later than March 1, 2019, a statement (including T-101 forms) setting forth the aggregate amount of Resource Expenses renounced to such Purchaser hereunder with an effective date not later than December 31, 2018 (provided that the Purchaser (and if the Purchaser is a partnership, each partner thereof) deals with the Company on an arm's length basis for the purposes of the Tax Act at all relevant times), together with any other forms or documentation required under the Tax Act or any corresponding provincial legislation in respect of the renunciation of the Resource Expenses to the Purchasers hereunder, such delivery constituting the authorization of the Company to the Purchasers to file such prescribed forms with the relevant taxation authorities;

(v) the Company shall refrain from entering into transactions, taking deductions or making any tax elections or designations which would otherwise reduce its cumulative CEE to an extent which, or for any other reason that, would preclude a renunciation of Resource Expenses hereunder in an amount equal to the Commitment Amount effective on or before December 31, 2018 or which could result in the Company or the Minister of National Revenue (Canada) reducing the Resource Expenses renounced to the Purchasers;

(w) the Company shall incur and renounce Resource Expenses pursuant to the Subscription Agreements and all other agreements with other persons providing for the issue of Offered Shares entered into by the Company on the Closing Date (collectively the "**Other Agreements**") before incurring and renouncing CEE pursuant to any other agreement which the Company enters into after the Closing Date. If the Company is required under the Tax Act or otherwise to reduce Resource Expenses previously renounced to Purchasers, the reduction shall be made pro rata by the number of Offered Shares issued or to be issued pursuant to the Offering and the Other Agreements only after it has first reduced to the extent possible all CEE renounced to Persons (other than the Purchasers and the subscribers under the Other Agreements) under any agreements entered into after the Closing Date;

(x) the Company shall file within the prescribed time all forms and returns required under the Tax Act and any corresponding provincial Law, along with all required supporting documentation and this Agreement, and pay any tax or other amount owing in respect of such form or return as are necessary to effectively renounce Resource Expenses in an amount equal to the Commitment Amount to the Purchasers effective on or before December 31, 2018 (to the extent that the Purchasers (and if a Purchaser is a partnership, each partner thereof) deal with the Company on an arm's length basis for the purposes of the Tax Act at all relevant times), at least 75 percent of which shall qualify as Qualified Expenditures;

(y) if the Company amalgamates with any one or more companies, any shares issued to or held by the Purchasers as a replacement for the Offered Shares as a result of such amalgamation will qualify, by virtue of subsection 87(4.4) of the Tax Act, as "flow-through shares" and in particular will not be Prescribed Shares;

(z) the Company is not and will not become subject to the provisions of subsection 66(12.67) of the Tax Act in a manner which impairs its ability to renounce Resource Expenses to the Purchasers in an amount equal to the Commitment Amount; and

(aa) if the Company fails to incur and renounce to the Purchasers, effective on or before December 31, 2018, Resource Expenses (at least 75 percent of which qualify as Qualified Expenditures) in accordance with the terms of the Subscription Agreements, or if the amount of the Resource Expenses renounced to the Purchasers is reduced pursuant to subsection 66(12.73) of the Tax Act, the Company shall indemnify each of the Purchasers, or each of the partners thereof if a Purchaser is a limited partnership (for the purposes of this paragraph, each an "**Indemnified Person**"), as to, and pay in settlement therefor to the Indemnified Person, an amount equal to the amount of any tax (as referenced in paragraph (c) of the definition of an "excluded obligation" in subparagraph 6202.1(5) of the regulations to the Tax Act) payable under the Tax Act (and any corresponding provincial legislation) by the Indemnified Person as a consequence of such reduction or failure to renounce, such payment to be made within twenty (20) Business Days following the date on which the amount of such tax payable is determined, provided that in the event that the Company has fully satisfied its obligations in respect of the indemnity in accordance with this clause, all obligations of the Company hereunder to renounce to the Purchaser any amount of the Resource Expenses shall immediately thereafter cease. The foregoing indemnity shall have no force or effect and the Purchasers shall not have any recourse or rights of action to the extent that such indemnity, recourse or rights of action would otherwise cause the Offered Shares to be Prescribed Shares. To the extent that any Person entitled to be indemnified hereunder is not a party to this Agreement, the Agent shall obtain and hold the rights and benefits of this Agreement in trust for, and on behalf of, such Person and such Person shall be entitled to enforce the provisions of this paragraph, notwithstanding that such Person is not a party to this Agreement.

ARTICLE 5
CLOSING

Section 5.1 Closing Deliveries.

(1) The purchase and sale of the Offered Shares shall be completed at the Closing Time at the offices of Salley Bowes Harwardt Law Corp. in Vancouver, British Columbia or at such other place as the Agent and the Company may agree upon in writing. At or prior to the Closing Time, the Company shall deliver to Cantor Fitzgerald for and on behalf of the Purchasers certificates or the electronic registration by book-entry of evidence of ownership (as may be agreed upon by Cantor Fitzgerald and the Company) representing the Offered Shares and such further documentation as may be contemplated herein, including the requisite legal opinions and certificates as contemplated in Section 5.2, against payment by the Purchasers of the Aggregate Subscription Price in lawful money of Canada by certified cheque or wire transfer payable to the Company or as otherwise directed by the Company. The Company will, at the Closing Time, make payment in full of (i) the Agent's Fee, and (ii) the reasonable out-of-pocket costs and expenses of the Agent, including fees and disbursements of counsel to the Agent as specified in Section 7.3 herein. Any certificates delivered to the Agent, on behalf of the Purchasers, representing the Offered Shares shall be registered in the name of "CDS & Co." or in such other name or names as the Agent, on behalf of the Purchasers, may direct the Company in writing not less than twenty-four (24) hours prior to the Closing Time.

(2) The parties acknowledge that Closings may occur on one or more dates as mutually agreed to by Cantor Fitzgerald and the Company and that the Company shall deliver to Cantor Fitzgerald requisite legal opinions and certificates as contemplated in Section 5.2 prior to the first Closing Date, updated as of each Closing Date, and that Cantor Fitzgerald shall deliver the applicable payment of the purchase price, on behalf of the Purchasers, for the Offered Shares to the Corporation on each Closing Date, less the Agent's Fee retained by Cantor Fitzgerald in accordance with Section 2.2.

(3) If the Company and Cantor Fitzgerald determine to issue any of the Offered Shares as non-certificated securities in accordance with the rules and procedures of CDS Clearing and Depository Services Inc. ("**CDS**"), then, as an alternative to the Company delivering to the Agent definitive certificates representing such Offered Shares:

(a) the Company shall (a) cause the Transfer Agent, as registrar and transfer agent of the Company, to deliver to CDS, on behalf of the Agent, by way of electronic deposit in the non-certificated inventory system of CDS such Offered Shares to be purchased hereunder, registered in the name of "CDS & Co." as the nominee of CDS, in accordance with the rules and procedures of CDS; and

(b) the Agent shall provide the Company with evidence satisfactory to the Company, acting reasonably, of the delivery of the Offered Shares to the accounts of each of the Purchasers.

Section 5.2 Closing Conditions.

The Agent's obligations under this Agreement and the obligations of the Purchasers to purchase the Offered Shares under the Subscription Agreements shall be conditional upon the fulfilment at or before the Closing Time of the following conditions:

(a) *Requisite Approvals*. The Agent shall have received at the Closing Time, evidence that any requisite approvals, consents and acceptances of the appropriate Governmental Authorities and the TSX and NYSE American, required to be made or obtained by the Company in order to complete the Offering, have been made or obtained;

(b) *Board Approval.* The board of directors of the Company shall have authorized and approved the execution and delivery of this Agreement and any other Transaction Documents (as defined below) (including the acceptance of the Subscription Agreements), the allotment, issuance and delivery of the Offered Shares, and all matters relating thereto;

(c) *Subscription Agreements*. The Company shall have accepted one or more subscriptions for Offered Shares from the Purchasers and the Subscription Agreements shall have been executed and delivered by the Company in form and substance satisfactory to the Agent and its counsel, acting reasonably;

(d) *Officer's Certificates*. The Agent shall have received officers' certificates, in form and substance satisfactory to the Agent's counsel acting reasonably, dated the Closing Date, signed by appropriate officers of the Company addressed to the Agent and its counsel, with respect to the constating documents of the Company, all resolutions of the Company's board of directors relating to this Agreement and the transactions contemplated hereby, the incumbency and specimen signatures of signing officers in the form of a certificate of incumbency, the true and correct nature of the representations and warranties of the Company and the performance of all covenants and conditions in respect of the Offering, there having been no material adverse change in the business, affairs, operations, assets, liabilities or capital of the Company since the date of the Letter Agreement, and no misrepresentation or an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading in the Public Disclosure Documents;

(e) *Legal Opinions*. The Agent shall have received legal opinions, in form and substance satisfactory to the Agent's counsel acting reasonably, dated the Closing Date, from Salley Bowes Harwardt Law Corp., counsel to the Company or where appropriate, counsel in the other Selling Jurisdictions, which counsel in turn may rely, as to matters of fact, on certificates of auditors, public officials, the Transfer Agent and officers of the Company, with respect to the following matters:

(i) the Company has been incorporated and is existing under the laws of the Province of British Columbia and has not been dissolved and has all requisite corporate power and capacity to carry on business and to own, lease and operate its property and assets;

(ii) the Company is authorized to issue an unlimited number of Common Shares, of which, prior to giving effect to the issuance of the Offered Shares, **52,805,653** Common Shares were issued and outstanding;

(iii) the Company has all the necessary corporate power and authority to execute and deliver the Subscription Agreements and this Agreement (collectively referred to as, for the purposes of the opinion, the "**Transaction Documents**") and to issue the Offered Shares;

(iv) all necessary corporate action has been taken by the Company to duly authorize the issuance of the Offered Shares and execution and delivery of the Transaction Documents and each of the Transaction Documents has been duly authorized, executed and delivered by the Company and constitutes a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms (subject to bankruptcy, insolvency or other laws affecting the rights of creditors generally, the availability of equitable remedies and the qualification that rights to indemnity and waiver of contribution may be contrary to public policy or limited by applicable Laws);

(v) none of the execution and delivery of the Transaction Documents, the performance by the Company of its obligations thereunder or the sale or issuance of the Offered Shares will conflict with or result in any breach of: (i) any of the constating documents or articles of the Company; (ii) any resolutions of the directors or shareholders of the Company; or (iii) any securities Laws (including the *Securities Act* (British Columbia)) to which the Company is subject;

(vi) the Offered Shares have been validly issued as fully paid and non-assessable Common Shares;

(vii) the issue and sale of the Offered Shares by the Company to those Purchasers resident in the Selling Jurisdictions, if effected in the manner and upon the terms set forth in the Transaction Documents, are exempt from the prospectus requirements of the Securities Laws and no documents are required to be filed, proceedings taken or approvals, permits, consents, orders or authorizations are required to be made, taken or obtained by the Company under the Securities Laws to permit such issuance and sale by the Company;

(viii) other than customary resale restrictions (to be described in the opinion), no other documents will be required to be filed, proceedings taken or approvals, permits, consents, orders or authorizations of regulatory authorities required to be obtained under the Securities Laws in connection the first trade of the Offered Shares made through a registrant registered under the Securities Laws who has complied with such applicable Laws;

(ix) the Offering is conditionally acceptable to the TSX and NYSE American, subject only to compliance by the Company of the Standard Listing Conditions;

(x) the Company is a "reporting issuer" in each of the Selling Jurisdictions and is not included in the list of defaulting issuers maintained by the Securities Regulators in the Selling Jurisdictions, as the case may be, pursuant to the applicable Securities Laws;

(xi) the Transfer Agent has been duly appointed as the transfer agent and registrar for the Common Shares;

(xii) the form and terms of the certificates representing the Common Shares have been approved by the board of directors of the Company and conform with the provisions of the BCBCA and the constating documents of the Company;

(xiii) the Offered Shares issued to Purchasers are "flow-through" shares as defined in subsection 66(15) of the Tax Act and the Offered Shares do not constitute, as at the Closing Date, "prescribed shares" for the purposes of the definition of "flow-through share" in subsection 66(15) of the Tax Act;

(xiv) provided that the expenditures to be renounced in respect of the Offered Shares are fully incurred in the manner and otherwise as covenanted and referenced in the Subscription Agreements and in the relevant officer's certificate, the expenditures will be Resource Expenses, at least 75 percent of which shall qualify as Qualified Expenditures;

(xv) the Company qualifies as a Principal Business Corporation; and

(xvi) as to such other matters as the Agent's legal counsel may reasonably request prior to the Closing Time;

(f) *Title Opinions*. The Agent shall have received legal opinions, in form and substance satisfactory to the Agent's counsel acting reasonably, dated the Closing Date, from counsel to the Company as to title matters in respect of the Bralorne Mine;

(g) *Listing Approval*. The Offering shall have been conditionally approved by the TSX and NYSE American, subject only to the Company satisfying the Standard Listing Conditions; and the Company shall not have received any notice from the TSX or NYSE American that the Offered Shares shall not be accepted for listing on such exchange;

(h) *Lock-Up Agreements*. The Agent shall have received at the Closing Time duly executed agreements from each of the directors and officers of the Company, in form and substance reasonably requested by the Agent, in which such persons undertake (subject to certain customary exceptions) for a period ending one-hundred twenty (120) days after the Closing, not to sell, contract to sell, or otherwise dispose of any securities of the Company, without the prior written consent of the Agent;

(i) *Certificate of Status.* The Agent shall have received a certificate of good standing under the BCBCA with respect to the Company;

(j) *Certificate of Transfer Agent.* The Agent shall have received a certificate from the Transfer Agent as to the number of Common Shares issued and outstanding as at a date no more than one Business Day prior to the Closing Date;

(k) *No Termination.* The Agent not having exercised any rights of termination set forth in Article 6; and

(l) *Other Documentation*. The Agent having received at the Closing Time such further certificates, opinions of counsel and other documentation from the Company as the Agent or its counsel may reasonably require, provided, however, that the Agent or its counsel shall request any such certificate, opinion or document within a reasonable period prior to the Closing Time that is sufficient for the Company to obtain and deliver such certificate, opinion or document.

(2) The Company agrees that the aforesaid legal opinions and certificates to be delivered at the Closing Time will also be addressed to the Purchasers and that the Agent may deliver copies thereof to such persons and the Agent's counsel.

ARTICLE 6
TERMINATION

Section 6.1 Rights of Termination

(1) The Company shall use its best efforts to cause all conditions in this Agreement which relate to it to be satisfied. It is understood that the Agent may waive in whole or in part, or extend the time for compliance with any of such terms and conditions without prejudice to its rights in respect of any other of the foregoing terms and conditions or any other or subsequent breach or non-compliance, provided that to be binding any such waiver or extension must be in writing.

(2) In addition to any other remedies which may be available to the Agent, the Agent shall be entitled, at the Agent's sole option, to terminate and cancel, without any liability on the Agent's part, its obligations under this Agreement, at any time by written notice to that effect given to the Company if, at any time prior to the Closing Date:

(a) there should be discovered any material fact which existed as of the date hereof but which has not been publicly disclosed which, in the opinion of the Agent, acting reasonably, has or would be expected to have a significant adverse effect on the market price or value of the Offered Shares or the Common Shares;

(b) there is, in the opinion of the Agent, acting reasonably, a material change or a change in any material fact or new material fact shall arise which would be expected to have a significant adverse effect on the business, affairs, operations or profitability of the Company or on the market price or the value of the Offered Shares or the Common Shares;

(c) there should develop, occur or come into effect or existence any event of any nature, including an act of terrorism, accident, or new or change in Law or other condition of financial occurrence of national or international consequence, which, in the opinion of the Agent, acting reasonably, seriously adversely affects or involves, or would seriously adversely affect and involve, the financial markets in Canada or in the United States or the business, affairs, operations or profitability of the Company or the market price or value of the Offered Shares or the Common Shares;

(d) any inquiry, action, suit, proceeding or investigation (whether formal or informal) including matters of regulatory transgression or unlawful conduct, is commenced, announced or threatened in relation to the Company, its subsidiaries or any of their respective officers or directors, or any of its officers or directors, which, in the opinion of the Agent, acting reasonably, operates to prevent or materially restrict the distribution or trading of the Offered Shares or the Common Shares or which has or would be expected to have a material adverse effect on the market price or value of the Offered Shares or the Common Shares;

(e) any order to cease trading in securities of the Company is made or threatened by any Securities Regulator or other Governmental Authority;

(f) the Company is in breach of any material term, condition or covenant of this Agreement or any material representation or warranty given by the Company in this Agreement or the Letter Agreement becomes or is false;

(g) the state of the financial markets in Canada or elsewhere where it is planned to market the Offered Shares is such that, in the reasonable opinion of the Agent, the Offered Shares cannot be marketed profitably; or

(h) the Agent, in its sole discretion, is not satisfied with the results of its due diligence review and investigations in respect of the Company, its business and affairs or otherwise.

(3) The rights of termination contained in the foregoing subsections of this section may be exercised by the Agent and are in addition to, and without prejudice to, any other rights or remedies the Agent may have in respect of any default, act or failure to act or noncompliance by the Company in respect of any of the matters contemplated by this Agreement or otherwise. If the obligations of the Agent are terminated under this Agreement pursuant to these termination rights, the liability of the Company to the Agent shall be limited to the obligations under Section 7.2 and Section 7.3.

ARTICLE 7
GENERAL

Section 7.1 Survival of Representations, Warranties and Covenants

All representations, warranties, and covenants of the Company and the Agent herein contained or contained in documents submitted or required to be submitted pursuant to this Agreement shall survive the purchase by the Purchasers of the Offered Shares and shall continue in full force and effect for the benefit of the Agent and the Purchasers for a period of two (2) years following the Closing Date.

Section 7.2 Indemnity and Contribution.

(1) The Company covenants and agrees to indemnify and save harmless the Agent, its affiliates and each of their respective partners, member, directors, officers, employees, legal counsel, shareholders and agents and each person who controls the Agent or any of its subsidiaries and each shareholder of the Agent (collectively, the "**Indemnified Parties**" and individually, an "**Indemnified Party**"), from and against all losses, claims, damages, obligations, penalties, judgments, awards, liabilities, costs or expenses, whether joint or several, which the Indemnified Parties may suffer or incur or be subject to, including all amounts paid to settle actions or satisfy judgments or awards and all reasonable legal fees and expenses that may be incurred in advising with respect to investigating or defending any claim (whether or not a party), in any way caused by, or arising directly or indirectly from, or in consequence of, or incurred by reason of or in connection with the transactions contemplated hereby, including the following:

(a) any statement in the Public Disclosure Documents, which at the time and in the light of the circumstances under which it was made contains or is alleged to contain a misrepresentation or an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(b) the omission or alleged omission to state in any certificate of the Company or of any officers of the Company delivered hereunder or pursuant thereto any material fact required to be stated therein where such omission or alleged omission constitutes or is alleged to constitute a misrepresentation or an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(c) any order made or any inquiry, investigation or proceeding commenced or threatened by any Securities Regulators, stock exchange or by any other Governmental Authority based upon any failure or alleged failure to comply with applicable Securities Laws (other than any failure or alleged failure to comply by the Agent) preventing and restricting the trading in or the sale of the Offered Shares;

(d) the non-compliance or alleged non-compliance by the Company with any requirement of applicable Securities Laws, including the Company's non-compliance with any statutory requirement to make any document available for inspection; or

(e) any breach of any representation, warranty or covenant of the Company contained herein or the failure of the Company to comply with any of its obligations hereunder,

and will reimburse the Agent promptly upon demand for any legal or other expenses reasonably incurred by it in connection with investigating or defending any such losses, claims, damages, liabilities or actions in respect thereof, as incurred.

(2) Notwithstanding anything to the contrary contained herein, this indemnity shall not apply to the extent that (i) it causes the Offered Shares to be "prescribed shares" for purposes of the definition of "flow-through share" in subsection 66(15) of the Tax Act, or (ii) it is found in a final judgment by a court of competent jurisdiction (not subject to further appeal) to have resulted primarily and directly from the gross negligence or willful misconduct of the Agent.

(3) The Company shall not, without the prior written consent of the Agent, which shall not be unreasonably withheld, settle or compromise or consent to the entry of any judgment in any pending or threatened claim, action, suit or proceeding in respect of which indemnification may be sought hereunder (whether or not any Indemnified Party is a party to such claim, action, suit or proceeding).

(4) Notwithstanding the foregoing, the Company shall not be liable for the settlement of any claim or action in respect of which indemnity may be sought hereunder effected without its written consent, which consent shall not be unreasonably withheld.

(5) If any claim, action suit or proceeding shall be asserted against any Indemnified Party in respect of which indemnification is or might reasonably be considered to be provided, such person will notify the Company as soon as possible and in any event on a timely basis, of the nature of such claim and the Company shall be entitled (but not required) to assume the defence of any suit brought to enforce such claim; provided, however, that the defence shall be through legal counsel acceptable to the Indemnified Party, acting reasonably, and that no settlement may be made by the Company or the Indemnified Party without the prior written consent of the other; and provided that the omission to so notify the Company shall not relieve the Company of any liability which the Company may have to the Agent or any other Indemnified Party except only to the extent that any such delay in or failure to give notice as herein required materially prejudices (through the forfeiture of substantive rights and defenses) the defense of such actions, suit, proceeding, claim or investigation.

(6) In any such claim, the Indemnified Party shall have the right to retain other counsel to act on the Indemnified Party's behalf, provided that the fees and disbursements of such other counsel shall be paid by the Indemnified Party, unless (i) the Company and the Indemnified Party mutually agree to retain such other counsel, (ii) the Company fails to assume the defence of such claim on behalf of the Indemnified Party within a reasonable period after receiving notice thereof or, having assumed such defence, has failed to pursue it diligently or hire counsel acceptable to the Indemnified Party, or (iii) the named parties to any such claim (including any third or implicated party) include both the Indemnified Party, on the one hand, and the Company, on the other hand, and counsel (which may be internal counsel) to the Indemnified Party advises that there are legal defences available to the Indemnified Party that are different or in addition to those available to the Company, that representation of the Indemnified Party by counsel for the Company is inappropriate as a result of the potential or actual conflicting interests of those represented, or where in the Indemnified Party's reasonable judgment, the claim gives rise to a conflict of interest between the Company and the Indemnified Party, in each which event such fees and disbursements shall be paid by the Company to the extent that they have been reasonably incurred.

(7) The Company hereby waives all rights which it may have by statute or common law to recover contribution from the Agent in respect of losses, claims, costs, damages, expenses or liabilities which any of them may suffer or incur directly or indirectly (in this paragraph, "**Losses**") by reason of or in consequence of a document containing a misrepresentation.

(8) In order to provide for a just and equitable contribution in circumstances in which the indemnity provided in Section 7.2(1) would otherwise be available in accordance with its terms but is, for any reason, held to be unavailable to or unenforceable by the Indemnified Party or enforceable otherwise than in accordance with its terms or is insufficient to hold the Indemnified Party harmless, the Company shall contribute to the aggregate of all Losses, (other than loss of profits in connection with the distribution of the Offered Shares) of the nature contemplated in this Section 7.2 and suffered or incurred by the Indemnified Parties in such proportions as is appropriate to reflect the relative benefits received by the Company on the one hand and the Agent on the other hand from the distribution of the Offered Shares as well as the relative fault of the parties in connection with the statements, acts or omissions which resulted in such Losses, as well as any other equitable considerations determined by a court of competent jurisdiction; provided that: (i) the Agent shall not in any event be liable to contribute, in the aggregate, any amount in excess of the aggregate fee or any portion thereof actually received by the Agent hereunder; and (ii) no party who has been determined by a court of competent jurisdiction in a final judgment that has become non-appealable to have engaged in any fraudulent misrepresentation in connection with the Losses which resulted in such claims, expenses, costs, damages, liabilities or losses shall be entitled to claim contribution from any person who has not been so determined to have engaged in such fraudulent misrepresentation in connection with such Losses.

(9) The rights of contribution and indemnity provided in this Section 7.2 shall be in addition to and not in derogation of any other right to contribution and indemnity which the Agent may have by statute or otherwise at law.

(10) In the event that the Company is held to be entitled to contribution from the Agent under the provisions of any applicable Law, the Company shall be limited to contribution in an amount not exceeding the lesser of:

(a) the portion of the full amount of the loss or liability giving rise to such contribution for which the Agent is responsible, as determined above; and

(b) the amount of the aggregate fee actually received by the Agent from the Company hereunder, provided that the Agent shall not be required to contribute more than the fee actually received by the Agent.

(11) If the Agent has reason to believe that a claim for contribution may arise, it shall give the Company notice thereof in writing, but failure to notify the Company shall not relieve the Company of any obligation which it may have to the Agent under this Section 7.2, except (and only) to the extent of material prejudice (through the forfeiture of substantive rights and defenses) to the Company therefrom.

(12) With respect to this Section 7.2, the Company acknowledges and agrees that the Agent is contracting on their own behalf and as agents for its affiliates and each of their respective partners, members, directors, officers, employees, legal counsel, shareholders and agents, and each person, if any, controlling the Agent or any of its subsidiaries and each shareholder of the Agent. Accordingly, the Company hereby constitutes the Agent as agent for each person who is entitled to the covenants of the Company contained in this Section 7.2 and is not a party hereto and the Agent agrees to accept such agency and to hold in trust for and to enforce such covenants on behalf of such persons.

(13) The foregoing provisions shall survive the completion of professional services rendered under this Agreement or any termination of the authorization given by this Agreement.

Section 7.3 Expenses.

Whether or not the Closing occurs, the Company shall pay all reasonable expenses and fees in connection with the Offering, including all expenses of or incidental to the issue, sale and distribution of the Offered Shares, the fees and expenses of the Company's counsel, all costs incurred in connection with the preparation of documents relating to the Offering, and all reasonable out-of-pocket costs and expenses incurred by the Agent not to exceed $7,000 without the prior approval of the Company (such consent not to be unreasonably withheld) and the reasonable fees and disbursements of the Agent's counsel to a maximum of $80,000 exclusive of disbursements and taxes. All such fees and expenses incurred by the Agent or on its behalf shall be payable by the Company, as directed by the Agent, immediately upon receiving an invoice therefor from the Agent.

Section 7.4 Acknowledgement

(1) The Company acknowledges that the Agent is a full service securities firm engaged in securities trading and brokerage activities as well as providing investment banking and financial advisory services and that in the ordinary course of its trading and brokerage activities, the Agent and its respective affiliates at any time may hold long and short positions, and may trade or otherwise effect transactions, for their own account or the accounts of their clients, in debt or equity securities of the Company or any other person that may be involved in or related to the use of proceeds of the Offering or related derivative securities.

(2) The Company further acknowledges that the Agent is acting solely as agent in connection with the purchase and sale of the Offered Shares. The Company further acknowledges that the Agent is acting pursuant to a contractual relationship created solely by this Agreement entered into on an arm's length basis, and in no event do the parties intend that the Agent act or be responsible as a fiduciary to the Company, its management, shareholders or creditors or any other person in connection with any activity that the Agent may undertake or have undertaken in furtherance of such purchase and sale of the Company's securities, either before or after the date hereof. The Agent hereby expressly disclaims any fiduciary or similar obligations to the Company, either in connection with the transactions contemplated by this Agreement or any matters leading up to such transactions, and the Company hereby confirms its understanding and agreement to that effect. The Company and the Agent agree that they are each responsible for making their own independent judgments with respect to any such transactions and that any opinions or views expressed by the Agent to the Company regarding such transactions, including, but not limited to, any opinions or views with respect to the price or market for the Company's securities, do not constitute advice or recommendations to the Company. The Company and the Agent agree that the Agent is acting as agent and not the fiduciary of the Company and the Agent has not assumed, and the Agent will not assume, any advisory responsibility in favour of the Company with respect to the transactions contemplated hereby or the process leading thereto (irrespective of whether the Agent has advised or is currently advising the Company on other matters).

Section 7.5 Public Announcement

Provided the Offering is completed and has been publicly disclosed by the Company, the Agent shall be permitted to publish, at its own expense, such advertisements or announcements relating to the performance of services provided in respect of the Offering in such newspapers or other publications as the Agent considers appropriate, and shall further be permitted to post such advertisements or announcements on its website.

Section 7.6 Notices.

(1) Unless otherwise expressly provided in this Agreement, any notice or other communication to be given under this Agreement (a "**notice**") shall be in writing addressed as follows:

(a) If to the Company, to it at:

Avino Silver & Gold Mines Ltd.
900-570 Granville St.
Vancouver, BC
V6C 3P1

Attention: Corporate Secretary
Fax Number: (604) 682-3600

with a copy to (which shall not constitute notice):

Salley Bowes Harwardt Law Corp.
1705-1185 West Georgia Street
Vancouver, British Columbia V6E 4E6

Attention: Paul A. Bowes
Facsimile Number: (604) 688-0788

(b) If to the Agent, to it at:

Cantor Fitzgerald Canada Corporation
181 University Avenue, Suite 1500
Toronto, Ontario M5H 3M7

Attention: Christopher Craib
Fax Number: (416) 350-2985

and

Cantor Fitzgerald Canada Corporation
110 East 59th Street
New York, NY 10022

Attention: Legal Department
Fax Number: (212) 829-4708

with a copy to (which shall not constitute notice):

Stikeman Elliott LLP
5300 Commerce Court West
199 Bay Street
Toronto, ON M5L 1B9

Attention: Ivan Grbešić and Steven Bennett
Fax Number: (416) 947-0866

or to such other address as any of the parties may designate by notice given to the others.

(2) Each notice shall be personally delivered to the addressee or sent by facsimile transmission to the addressee and (i) a notice which is personally delivered shall, if delivered on a Business Day, be deemed to be given and received on that day and, in any other case, be deemed to be given and received on the first Business Day following the day on which it is delivered; and (ii) a notice which is sent by facsimile transmission shall be deemed to be given and received on the first Business Day following the day on which it is confirmed to have been sent.

Section 7.7 Time of the Essence.

Time shall, in all respects, be of the essence hereof.

Section 7.8 Canadian Dollars.

All references herein to dollar amounts are to lawful money of Canada.

Section 7.9 Headings.

The headings contained herein are for convenience only and shall not affect the meaning or interpretation hereof.

Section 7.10 Singular and Plural, etc.

Where the context so requires, words importing the singular number include the plural and vice versa, and words importing gender shall include the masculine, feminine and neuter genders.

Section 7.11 Entire Agreement.

Other than the Letter Agreement, this Agreement constitutes the only agreement between the parties with respect to the subject matter hereof and shall supersede any and all prior negotiations and understandings between the parties, including, but not limited to, the Letter Agreement, with respect to the subject matter hereof whether verbal or written. This Agreement may be amended or modified in any respect by written instrument only.

Section 7.12 Severability.

If one or more provisions contained herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision or provisions had never been contained herein.

Section 7.13 Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the province of Ontario, without regard to its conflicts of laws principles, and the laws of Canada applicable therein.

Section 7.14 Successors and Assigns.

The terms and provisions of this Agreement shall be binding upon and enure to the benefit of the Company, the Agent and the Purchasers and their respective executors, heirs, successors and permitted assigns; provided that, except as provided herein or in the Subscription Agreements, this Agreement shall not be assignable by any party without the written consent of the others.

Section 7.15 Further Assurances.

Each of the parties hereto shall do or cause to be done all such acts and things and shall execute or cause to be executed all such documents, agreements and other instruments as may reasonably be necessary or desirable for the purpose of carrying out the provisions and intent of this Agreement.

Section 7.16 Effective Date.

This Agreement is intended to and shall take effect as of the date first set forth above, notwithstanding its actual date of execution or delivery.

Section 7.17 Counterparts and Facsimile.

This Agreement may be executed in any number of counterparts including by facsimile or portable document format (pdf), each of which so executed shall constitute an original and all of which taken together shall form one and the same agreement.

[*Remainder of page left intentionally blank. Signature pages follow.*]

If the Company is in agreement with the foregoing terms and conditions, please so indicate by executing a copy of this Agreement where indicated below and delivering the same to the Agent.

Yours very truly,

CANTOR FITZGERALD CANADA CORPORATION

By: */s/ Christopher Craib*
Name: Christopher Craib
Title: President & CEO

The foregoing is hereby accepted on the terms and conditions therein set forth.

DATED as of this 27th day of April, 2018.

AVINO SILVER & GOLD MINES LTD.

By: */s/ Malcolm Davidson*
Name: Malcolm Davidson
Title: CFO

EXHIBIT 4.20

Execution Version

AVINO SILVER & GOLD MINES LTD.
Common Shares
(no par value)

Amended and Restated Controlled Equity Offering[SM]

Sales Agreement

August 21, 2018

Cantor Fitzgerald & Co.
499 Park Avenue
New York, NY 10022

Ladies and Gentlemen:

Reference is made to the Amended and Restated Controlled Equity Offering[SM] Sales Agreement, dated as of August 4, 2017 (the "**Original Agreement**"), by and between Avino Silver & Gold Mines Ltd. (the "**Company**"), a company continued under the *Business Corporations Act* (British Columbia) (the "**BCBCA**"), and Cantor Fitzgerald & Co. (the "**Agent**"), pursuant to which the Company proposed to issue and sell through the Agent, from time to time during the term of the Original Agreement, on the terms and subject to the conditions set forth in the Original Agreement, common shares of the Company, no par value per share ("**Common Stock**"). The Company and the Agent wish to amend and restate the Original Agreement in its entirety as provided hereby.

The Company confirms its agreement (as such agreement may be amended from time to time, this "**Agreement**") with the Agent as follows:

1. Issuance and Sale of Shares. The Company agrees that, from time to time during the term of this Agreement, on the terms and subject to the conditions set forth herein, it may issue and sell through the Agent Common Stock; provided, however, that in no event shall the Company issue or sell through the Agent such number or dollar amount of shares of Common Stock (the "**Placement Shares**") that (a) exceeds the number or dollar amount of shares of Common Stock registered pursuant to the effective Registration Statement (as defined below) pursuant to which the offering will be made, (b) exceeds the number or dollar amount of shares of Common Stock allowed to be sold under Form F-3 (including Instruction I.B.5. thereof), (c) exceeds the number of authorized but unissued shares of Common Stock or (d) exceeds the number or dollar amount of shares of Common Stock for which the Company has filed a Prospectus Supplement (defined below) (the lesser of (a), (b), (c) and (d), the "**Maximum Amount**"). Notwithstanding anything to the contrary contained herein, the parties hereto agree that compliance with the limitations set forth in this Section 1 on the amount of Placement Shares issued and sold under this Agreement shall be the sole responsibility of the Company and that Agent shall have no obligation in connection with such compliance. The issuance and sale of Placement Shares through Agent will be effected pursuant to the Registration Statement (as defined below) filed by the Company and which will be declared effective by the Securities and Exchange Commission (the "**Commission**"), although nothing in this Agreement shall be construed as requiring the Company to use the Registration Statement to issue any Placement Shares.

The Company has filed or will file, in accordance with the provisions of the Securities Act of 1933, as amended (the "**Securities Act**") and the rules and regulations thereunder (the "**Securities Act Regulations**"), with the Commission a registration statement on Form F-3, including one or more base prospectuses, relating to certain securities, including the Placement Shares to be issued from time to time by the Company, and which incorporates by reference documents that the Company has filed or will file in accordance with the provisions of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and the rules and regulations thereunder. The Company will, if necessary, prepare a prospectus supplement to the base prospectus included as part of the registration statement, which prospectus supplement will specifically relate to the Placement Shares to be issued from time to time by the Company (the "**Prospectus Supplement**"). The Company will furnish to the Agent, for use by the Agent, copies of the prospectus included as part of such registration statement, as supplemented, if necessary, by the Prospectus Supplement, relating to the Placement Shares to be issued from time to time by the Company. The Company may file one or more additional registration statements from time to time that will contain a base prospectus and related prospectus or prospectus supplement, if applicable (which shall be a Prospectus Supplement), with respect to the Placement Shares. Except where the context otherwise requires, such registration statement(s), including all documents filed as part thereof or incorporated by reference therein, and including any information contained in a Prospectus (as defined below) subsequently filed with the Commission pursuant to Rule 424(b) under the Securities Act Regulations or deemed to be a part of such registration statement pursuant to Rule 430B of the Securities Act Regulations, is herein called the "**Registration Statement**." The base prospectus or base prospectuses, including all documents incorporated therein by reference, included in the Registration Statement, as it may be supplemented, if necessary, by the Prospectus Supplement, in the form in which such prospectus or prospectuses and/or Prospectus Supplement have most recently been filed by the Company with the Commission pursuant to Rule 424(b) under the Securities Act Regulations, together with the then issued Issuer Free Writing Prospectus(es), is herein called the "**Prospectus**."

Any reference herein to the Registration Statement, any Prospectus Supplement, Prospectus or any Issuer Free Writing Prospectus (defined below) shall be deemed to refer to and include the documents, if any, incorporated by reference therein (the "**Incorporated Documents**"), including, unless the context otherwise requires, the documents, if any, filed as exhibits to such Incorporated Documents. Any reference herein to the terms "amend," "amendment" or "supplement" with respect to the Registration Statement, any Prospectus Supplement, the Prospectus or any Issuer Free Writing Prospectus shall be deemed to refer to and include the filing of any document under the Exchange Act on or after the most-recent effective date of the Registration Statement, or the date of the Prospectus Supplement, Prospectus or such Issuer Free Writing Prospectus, as the case may be, and incorporated therein by reference. For purposes of this Agreement, all references to the Registration Statement, the Prospectus or to any amendment or supplement thereto shall be deemed to include the most recent copy filed with the Commission pursuant to its Electronic Data Gathering Analysis and Retrieval system, or if applicable, the Interactive Data Electronic Application system when used by the Commission (collectively, "**EDGAR**").

2. Placements. Each time that the Company wishes to issue and sell Placement Shares hereunder (each, a "**Placement**"), it will notify the Agent by email notice (or other method mutually agreed to in writing by the parties) of the number of Placement Shares to be issued, the time period during which sales are requested to be made, any limitation on the number of Placement Shares that may be sold in any one day and any minimum price below which sales may not be made (a "**Placement Notice**"), the form of which is attached hereto as Schedule 1. The Placement Notice shall originate from any of the individuals from the Company set forth on Schedule 3 (with a copy to each of the other individuals from the Company listed on such schedule), and shall be addressed to each of the individuals from the Agent set forth on Schedule 3, as such Schedule 3 may be amended from time to time. The Placement Notice shall be effective unless and until (i) the Agent declines to accept the terms contained therein for any reason, in its sole discretion, (ii) the entire amount of the Placement Shares thereunder have been sold, (iii) the Company suspends or terminates the Placement Notice or (iv) this Agreement has been terminated under the provisions of Section 12. The amount of any discount, commission or other compensation to be paid by the Company to Agent in connection with the sale of the Placement Shares shall be calculated in accordance with the terms set forth in Schedule 2. It is expressly acknowledged and agreed that neither the Company nor the Agent will have any obligation whatsoever with respect to a Placement or any Placement Shares unless and until the Company delivers a Placement Notice to the Agent and the Agent does not decline such Placement Notice pursuant to the terms set forth above, and then only upon the terms specified therein and herein. In the event of a conflict between the terms of this Agreement and the terms of a Placement Notice, the terms of the Placement Notice will control.

3. Sale of Placement Shares by Agent. Subject to the provisions of Section 5(a), the Agent, for the period specified in the Placement Notice, will use its commercially reasonable efforts consistent with its normal trading and sales practices and applicable state and federal laws, rules and regulations and the rules of the NYSE American or any other applicable exchange within the United States (the "**Exchange**"), to sell the Placement Shares up to the amount specified, and otherwise in accordance with the terms of such Placement Notice. The Agent will provide written confirmation to the Company no later than the opening of the Trading Day (as defined below) immediately following the Trading Day on which it has made sales of Placement Shares hereunder setting forth the number of Placement Shares sold on such day, the compensation payable by the Company to the Agent pursuant to Section 2 with respect to such sales, and the Net Proceeds (as defined below) payable to the Company, with an itemization of the deductions made by the Agent (as set forth in Section 5(b)) from the gross proceeds that it receives from such sales. Subject to the terms of the Placement Notice, the Agent may sell Placement Shares by any method permitted by law deemed to be an "at the market offering" as defined in Rule 415(a)(4) of the Securities Act Regulations, including sales made directly on or through the Exchange or any other existing trading market for the Common Stock, in negotiated transactions at market prices prevailing at the time of sale or at prices related to such prevailing market prices and/or any other method permitted by law. "**Trading Day**" means any day on which Common Stock is traded on the Exchange.

4. Suspension of Sales. The Company or the Agent may, upon notice to the other party in writing (including by email correspondence to each of the individuals of the other party set forth on Schedule 3, if receipt of such correspondence is actually acknowledged by any of the individuals to whom the notice is sent, other than via auto-reply) or by telephone (confirmed immediately by verifiable facsimile transmission or email correspondence to each of the individuals of the other party set forth on Schedule 3), suspend any sale of Placement Shares (a "**Suspension**"); provided, however, that such suspension shall not affect or impair any party's obligations with respect to any Placement Shares sold hereunder prior to the receipt of such notice. While a Suspension is in effect any obligation under Sections 7(l), 7(m), and 7(n) with respect to the delivery of certificates, opinions, or comfort letters to the Agent, shall be waived, provided, however, that such waiver shall not apply for the Representation Date (defined below) occurring on the date that the Company files its annual report on Form 20-F. Each of the parties agrees that no such notice under this Section 4 shall be effective against any other party unless it is made to one of the individuals named on Schedule 3 hereto, as such Schedule may be amended from time to time.

5. Sale and Delivery to the Agent; Settlement.

(a) Sale of Placement Shares. On the basis of the representations and warranties herein contained and subject to the terms and conditions herein set forth, upon the Agent's acceptance of the terms of a Placement Notice, and unless the sale of the Placement Shares described therein has been declined, suspended, or otherwise terminated in accordance with the terms of this Agreement, the Agent, for the period specified in the Placement Notice, will use its commercially reasonable efforts consistent with its normal trading and sales practices and applicable law and regulations to sell such Placement Shares up to the amount specified, and otherwise in accordance with the terms of such Placement Notice. The Company acknowledges and agrees that (i) there can be no assurance that the Agent will be successful in selling Placement Shares, (ii) the Agent will incur no liability or obligation to the Company or any other person or entity if it does not sell Placement Shares for any reason other than a failure by the Agent to use its commercially reasonable efforts consistent with its normal trading and sales practices and applicable law and regulations to sell such Placement Shares as required under this Agreement and (iii) the Agent shall be under no obligation to purchase Placement Shares on a principal basis pursuant to this Agreement, except as otherwise agreed by the Agent and the Company.

(b) Settlement of Placement Shares. Unless otherwise specified in the applicable Placement Notice, settlement for sales of Placement Shares will occur on the second (2^{nd}) Trading Day (or such earlier day as is industry practice for regular-way trading) following the date on which such sales are made (each, a "**Settlement Date**"). The Agent shall notify the Company of each sale of Placement Shares no later than the opening of the Trading Day immediately following the Trading Day on which it has made sales of Placement Shares hereunder. The amount of proceeds to be delivered to the Company on a Settlement Date against receipt of the Placement Shares sold (the "**Net Proceeds**") will be equal to the aggregate sales price received by the Agent, after deduction for (i) the Agent's commission, discount or other compensation for such sales payable by the Company pursuant to Section 2 hereof, and (ii) any transaction fees imposed by any Governmental Authority in respect of such sales.

(c) Delivery of Placement Shares. On or before each Settlement Date, the Company will, or will cause its transfer agent to, electronically transfer the Placement Shares being sold by crediting the Agent's or its designee's account (provided the Agent shall have given the Company written notice of such designee at least one Trading Day prior to the Settlement Date) at The Depository Trust Company through its Deposit and Withdrawal at Custodian System or by such other means of delivery as may be mutually agreed upon by the parties hereto which in all cases shall be freely tradable, transferable, registered shares in good deliverable form. On each Settlement Date, the Agent will deliver the related Net Proceeds in same day funds to an account designated by the Company on, or prior to, the Settlement Date. The Company agrees that if the Company, or its transfer agent (if applicable), defaults in its obligation to deliver Placement Shares on a Settlement Date, the Company agrees that in addition to and in no way limiting the rights and obligations set forth in Section 10(a) hereto, it will (i) hold the Agent harmless against any loss, claim, damage, or expense (including reasonable legal fees and expenses), as incurred, arising out of or in connection with such default by the Company or its transfer agent (if applicable) and (ii) pay to the Agent any commission, discount, or other compensation to which it would otherwise have been entitled absent such default.

(d) Denominations; Registration. Certificates for the Placement Shares, if any, shall be in such denominations and registered in such names as the Agent may request in writing at least one full Business Day (as defined below) before the Settlement Date. The certificates for the Placement Shares, if any, will be made available by the Company for examination and packaging by the Agent in The City of New York not later than noon (New York time) on the Business Day prior to the Settlement Date.

(e) Limitations on Offering Size. Under no circumstances shall the Company cause or request the offer or sale of any Placement Shares if, after giving effect to the sale of such Placement Shares, the aggregate gross sales proceeds of Placement Shares sold pursuant to this Agreement would exceed the lesser of (A) together with all sales of Placement Shares under this Agreement, the Maximum Amount, (B) the amount available for offer and sale under the currently effective Registration Statement and (C) the amount authorized from time to time to be issued and sold under this Agreement by the Company's board of directors, a duly authorized committee thereof or a duly authorized executive committee, and notified to the Agent in writing. Under no circumstances shall the Company cause or request the offer or sale of any Placement Shares pursuant to this Agreement at a price lower than the minimum price authorized from time to time by the Company's board of directors, a duly authorized committee thereof or a duly authorized executive committee, and notified to the Agent in writing. Further, under no circumstances shall the Company cause or permit the aggregate offering amount of Placement Shares sold pursuant to this Agreement to exceed the Maximum Amount.

6. Representations and Warranties of the Company. The Company represents and warrants to, and agrees with Agent that as of the date of this Agreement and as of each Applicable Time (as defined below):

(a) Registration Statement and Prospectus. The Company and the transactions contemplated by this Agreement meet the requirements for and comply with the conditions for the use of Form F-3 under the Securities Act. The Company is a "foreign private issuer," as such term is defined in Rule 3b-4 under the Exchange Act. The Registration Statement has been or will be filed with the Commission and will be declared effective by the Commission under the Securities Act prior to the issuance of any Placement Notices by the Company. The Prospectus Supplement will name the Agent as the agent in the section entitled "Plan of Distribution." The Company has not received, and has no notice of, any order of the Commission preventing or suspending the use of the Registration Statement, or threatening or instituting proceedings for that purpose. The Registration Statement and the offer and sale of Placement Shares as contemplated hereby meet the requirements of Rule 415 under the Securities Act and comply in all material respects with said Rule. Any statutes, regulations, contracts or other documents that are required to be described in the Registration Statement or the Prospectus or to be filed as exhibits to the Registration Statement have been so described or filed. Copies of the Registration Statement, the Prospectus, and any such amendments or supplements and all documents incorporated by reference therein that were filed with the Commission on or prior to the date of this Agreement have been delivered, or are available through EDGAR and SEDAR, to Agent and its counsel. The Company has not distributed and, prior to the later to occur of each Settlement Date and completion of the distribution of the Placement Shares, will not distribute any offering material in connection with the offering or sale of the Placement Shares other than the Registration Statement and the Prospectus and any Issuer Free Writing Prospectus (as defined below) to which the Agent has consented. The Common Stock is registered pursuant to Section 12(b) of the Exchange Act and is currently listed on the Exchange under the trading symbol "ASM." The Company has taken no action designed to, or likely to have the effect of, terminating the registration of the Common Stock under the Exchange Act, delisting the Common Stock from the Exchange, nor has the Company received any notification that the Commission or the Exchange is contemplating terminating such registration or listing. To the Company's knowledge, it is in compliance with all applicable listing requirements of the Exchange. The Company has no reason to believe that it will not in the foreseeable future continue to be in compliance with all such listing and maintenance requirements. The currently issued and outstanding Common Stock are also listed and posted for trading on the Toronto Stock Exchange ("**TSX**") and no order ceasing or suspending trading in any securities of the Company or prohibiting the trading of any of the Company's issued securities has been issued and no proceeding for such purpose are pending or, to the knowledge of the Company, threatened;

(b) No Misstatement or Omission. The Registration Statement, when it became or becomes effective, and the Prospectus, and any amendment or supplement thereto, on the date of such Prospectus or amendment or supplement, conformed and will conform in all material respects with the requirements of the Securities Act. At each Settlement Date, the Registration Statement and the Prospectus, as of such date, will conform in all material respects with the requirements of the Securities Act. The Registration Statement, when it became or becomes effective, did not, and will not, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading. The Prospectus and any amendment and supplement thereto, on the date thereof and at each Applicable Time (defined below), did not or will not include an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The documents incorporated by reference in the Prospectus or any Prospectus Supplement did not, and any further documents filed and incorporated by reference therein will not, when filed with the Commission, contain an untrue statement of a material fact or omit to state a material fact required to be stated in such document or necessary to make the statements in such document, in light of the circumstances under which they were made, not misleading. The foregoing shall not apply to statements in, or omissions from, any such document made in reliance upon, and in conformity with, information furnished to the Company by Agent specifically for use in the preparation thereof.

(c) Conformity with Securities Act and Exchange Act. The Registration Statement, the Prospectus, any Issuer Free Writing Prospectus or any amendment or supplement thereto, and the documents incorporated by reference in the Registration Statement, the Prospectus or any amendment or supplement thereto, when such documents were or are filed with the Commission under the Securities Act or the Exchange Act or became or become effective under the Securities Act, as the case may be, conformed or will conform in all material respects with the requirements of the Securities Act and the Exchange Act, as applicable. Moreover, the Company is a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, New Brunswick, Prince Edward Island, and Newfoundland & Labrador, and to the knowledge of the Company is in good standing under applicable laws and regulations in those jurisdictions and the rules and policies of the TSX (collectively, "**Canadian Securities Laws**"); is not in default in any material respect of any requirement of Canadian Securities Laws and is not included in a list of defaulting reporting issuers maintained by the applicable securities regulators in Canada. In particular, without limiting the foregoing, to the knowledge of the Company, the Company is in compliance at the date hereof with its obligations to make timely disclosure of all material changes to its business.

(d) Financial Information. The consolidated financial statements of the Company included or incorporated by reference in the Registration Statement, the Prospectus and the Issuer Free Writing Prospectuses, if any, together with the related notes and schedules, present fairly, in all material respects, the consolidated financial position of the Company and the Material Subsidiaries (as defined below) as of the dates indicated and the consolidated statements of comprehensive loss, shareholders' equity and cash flows of the Company for the periods specified. Such financial statements, schedules, and notes conform in all material respects with International Financial Reporting Standards as issued by the International Accounting Standards Board ("**IFRS**"), or if applicable, United States generally accepted accounting principles ("**GAAP**"), applied on a consistent basis during the periods involved; the other financial and statistical data with respect to the Company and the Material Subsidiaries (as defined below) contained or incorporated by reference in the Registration Statement, the Prospectus and the Issuer Free Writing Prospectuses, if any, are accurately and fairly presented in all material respects and prepared on a basis consistent with the financial statements and books and records of the Company; there are no financial statements (historical or pro forma) that are required to be included or incorporated by reference in the Registration Statement, or the Prospectus that are not included or incorporated by reference as required; the Company and the Material Subsidiaries (as defined below) do not have any material liabilities or obligations, direct or contingent (including any off-balance sheet obligations), not described in the Registration Statement (excluding the exhibits thereto), and the Prospectus; and all disclosures contained or incorporated by reference in the Registration Statement, the Prospectus and the Issuer Free Writing Prospectuses, if any, regarding "non-GAAP financial measures" (as such term is defined by the rules and regulations of the Commission) comply with Regulation G of the Exchange Act and Item 10 of Regulation S-K under the Securities Act, to the extent applicable. Moreover, the Company is in compliance with the certification requirements contained in National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* of the Canadian Securities Administrators with respect to the Company's annual and interim filings with the applicable Canadian securities regulators.

(e) Statistical, Industry-Related and Market-Related Data. The statistical, industry-related and market-related data included in the Registration Statement and the Prospectus are based on or derived from sources that the Company reasonably believes are reliable and accurate, and such data agrees with the sources from which they are derived.

(f) Conformity with EDGAR Filing. The Prospectus delivered to Agent for use in connection with the sale of the Placement Shares pursuant to this Agreement will be identical to the versions of the Prospectus created to be transmitted to the Commission for filing via EDGAR and SEDAR, except to the extent permitted by Regulation S-T.

(g) Organization. The Company and each of its Material Subsidiaries (as defined below) are, and will be, duly organized, validly existing as a corporation and in good standing (where such concept is recognized) under the laws of their respective jurisdictions of organization. The Company and each of the Material Subsidiaries (as defined below) are, and will be, duly licensed or qualified as a foreign corporation for transaction of business and in good standing under the laws of each other jurisdiction in which their respective ownership or lease of property or the conduct of their respective businesses requires such license or qualification, and have all corporate power and authority necessary to own or hold their respective properties and to conduct their respective businesses as described in the Registration Statement and the Prospectus, except where the failure to be so qualified or in good standing or have such power or authority would not, individually or in the aggregate, have a material adverse effect or would reasonably be expected to have a material adverse effect on or affecting the assets, business, operations, earnings, properties, condition (financial or otherwise), prospects, stockholders' equity or results of operations of the Company and the Material Subsidiaries (as defined below) taken as a whole, or prevent or materially interfere with consummation of the transactions contemplated hereby (a "**Material Adverse Effect**").

(h) Subsidiaries. The subsidiaries set forth on Schedule 4 (collectively, the "**Material Subsidiaries**"), include all of the Company's significant subsidiaries (as such term is defined in Rule 1-02 of Regulation S-X promulgated by the Commission). Except as set forth in the Registration Statement and in the Prospectus, the Company owns, directly or indirectly, all of the equity interests of the Material Subsidiaries free and clear of any lien, charge, security interest, encumbrance, right of first refusal or other restriction, and all the equity interests of the Material Subsidiaries are validly issued and are fully paid, non-assessable and free of preemptive and similar rights. No Material Subsidiary is currently prohibited, directly or indirectly, from paying any dividends to the Company, from making any other distribution on such Material Subsidiary's capital stock, from repaying to the Company any loans or advances to such Material Subsidiary from the Company or from transferring any of such Material Subsidiary's property or assets to the Company or any other Subsidiary of the Company.

(i) No Violation or Default. Neither the Company nor any of the Material Subsidiaries is (i) in violation of its Memorandum or Articles or similar organizational documents; (ii) in default, and no event has occurred that, with notice or lapse of time or both, would constitute such a default, in the due performance or observance of any term, covenant or condition contained in any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company or any of the Material Subsidiaries is a party or by which the Company or any of the Material Subsidiaries is bound or to which any of the property or assets of the Company or any of the Material Subsidiaries are subject; or (iii) in violation of any law or statute or any judgment, order, rule or regulation of any court or arbitrator or governmental or regulatory authority, except, in the case of each of clauses (ii) and (iii) above, for any such violation or default that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. To the Company's knowledge, no other party under any material contract or other agreement to which it or any of the Material Subsidiaries is a party is in default in any respect thereunder where such default would have a Material Adverse Effect.

(j) No Material Adverse Change. Subsequent to the respective dates as of which information is given in the Registration Statement, the Prospectus and the Free Writing Prospectuses, if any (including any document deemed incorporated by reference therein), there has not been (i) any Material Adverse Effect or the occurrence of any development that the Company reasonably expects will result in a Material Adverse Effect, (ii) any transaction which is material to the Company and the Material Subsidiaries taken as a whole, (iii) any obligation or liability, direct or contingent (including any off-balance sheet obligations), incurred by the Company or any Subsidiary, which is material to the Company and the Material Subsidiaries taken as a whole, (iv) any material change in the capital stock or outstanding long-term indebtedness of the Company or any of the Material Subsidiaries or (v) any dividend or distribution of any kind declared, paid or made on the capital stock of the Company or any Material Subsidiary, other than in each case above in the ordinary course of business or as otherwise disclosed in the Registration Statement or Prospectus (including any document deemed incorporated by reference therein).

(k) Capitalization. The issued and outstanding shares of capital stock of the Company have been validly issued, are fully paid and nonassessable and, other than as disclosed in the Registration Statement or the Prospectus, are not subject to any preemptive rights, rights of first refusal or similar rights. The Company has an authorized, issued and outstanding capitalization as set forth in the Registration Statement and the Prospectus as of the dates referred to therein (other than the grant of additional options under the Company's existing stock option plans, or changes in the number of outstanding shares of Common Stock of the Company due to the issuance of shares upon the exercise or conversion of securities exercisable for, or convertible into, Common Stock outstanding on the date hereof) and such authorized capital stock conforms to the description thereof set forth in the Registration Statement and the Prospectus. The description of the securities of the Company in the Registration Statement and the Prospectus is complete and accurate in all material respects. Except as disclosed in or contemplated by the Registration Statement or the Prospectus, as of the date referred to therein, the Company does not have outstanding any options to purchase, or any rights or warrants to subscribe for, or any securities or obligations convertible into, or exchangeable for, or any contracts or commitments to issue or sell, any shares of capital stock or other securities.

(l) Authorization; Enforceability. The Company has full legal right, power and authority to enter into this Agreement and perform the transactions contemplated hereby. This Agreement has been duly authorized, executed and delivered by the Company and is a legal, valid and binding agreement of the Company enforceable in accordance with its terms, except to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general equitable principles.

(m) Authorization of Placement Shares. The Placement Shares, when issued and delivered pursuant to the terms approved by the board of directors of the Company or a duly authorized committee thereof, or a duly authorized executive committee, against payment therefor as provided herein, will be duly and validly authorized and issued and fully paid and nonassessable, free and clear of any pledge, lien, encumbrance, security interest or other claim, including any statutory or contractual preemptive rights, resale rights, rights of first refusal or other similar rights, and will be registered pursuant to Section 12 of the Exchange Act. The Placement Shares, when issued, will conform in all material respects to the description thereof set forth in or incorporated into the Prospectus.

(n) No Consents Required. No consent, approval, authorization, order, registration or qualification of or with any Governmental Authority is required for the execution, delivery and performance by the Company of this Agreement, the issuance and sale by the Company of the Placement Shares, except for (i) the filing of a prospectus supplement for qualification of the Placement Shares for distribution in the United States with the applicable Canadian securities regulators; and (ii) such consents, approvals, authorizations, orders and registrations or qualifications as may be required under applicable U.S. state securities laws or by the by-laws and rules of the Financial Industry Regulatory Authority, Inc. ("**FINRA**") or the Exchange in connection with the sale of the Placement Shares by the Agent.

(o) No Preferential Rights. Except as set forth in the Registration Statement and the Prospectus, (i) no person, as such term is defined in Rule 1-02 of Regulation S-X promulgated under the Securities Act (each, a "**Person**"), has the right, contractual or otherwise, to cause the Company to issue or sell to such Person any Common Stock or shares of any other capital stock or other securities of the Company, (ii) no Person has any preemptive rights, resale rights, rights of first refusal, rights of co-sale, or any other rights (whether pursuant to a "poison pill" provision or otherwise) to purchase any Common Stock or shares of any other capital stock or other securities of the Company, (iii) no Person has the right to act as an underwriter or as a financial advisor to the Company in connection with the offer and sale of the Common Stock, and (iv) no Person has the right, contractual or otherwise, to require the Company to register under the Securities Act any Common Stock or shares of any other capital stock or other securities of the Company, or to include any such shares or other securities in the Registration Statement or the offering contemplated thereby, whether as a result of the filing or effectiveness of the Registration Statement or the sale of the Placement Shares as contemplated thereby or otherwise.

(p) Independent Public Accounting Firm. Manning Elliot LLP (the "**Accountant**"), whose report on the consolidated financial statements of the Company is filed with the Commission as part of the Company's most recent Annual Report on Form 20-F filed with the Commission and incorporated by reference into the Registration Statement and the Prospectus, are and, during the periods covered by their report, were an independent registered public accounting firm within the meaning of the Securities Act and the Public Company Accounting Oversight Board (United States). To the Company's knowledge, after due and careful inquiry, the Accountant is not in violation of the auditor independence requirements of the Sarbanes-Oxley Act of 2002 (the "**Sarbanes-Oxley Act**") with respect to the Company. Moreover, the Accountant is considered an independent accountant as required under Canadian Securities Laws and there has never been a reportable disagreement (within the meaning of National Instrument 51-102 – *Continuous Disclosure*) with the present or former auditors of the Company. The Company's audit committee is comprised and operates in accordance with the requirements of National Instrument 52-110 – *Audit Committees of the Canadian Securities Administrators*, each member of which is "independent" within the meaning of such instrument.

(q) Enforceability of Agreements. All agreements between the Company and third parties expressly referenced in the Registration Statement and the Prospectus are legal, valid and binding obligations of the Company enforceable in accordance with their respective terms, except to the extent that (i) enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general equitable principles and (ii) the indemnification provisions of certain agreements may be limited by federal or state securities laws or public policy considerations in respect thereof.

(r) No Litigation. Except as set forth in the Registration Statement or the Prospectus, there are no legal, governmental or regulatory actions, suits or proceedings pending, nor, to the Company's knowledge, any legal, governmental or regulatory audits or investigations, to which the Company or a Subsidiary is a party or to which any property of the Company or any of the Material Subsidiaries is the subject that, individually or in the aggregate, if determined adversely to the Company or any of the Material Subsidiaries, would reasonably be expected to have a Material Adverse Effect or materially and adversely affect the ability of the Company to perform its obligations under this Agreement; to the Company's knowledge, no such actions, suits or proceedings are threatened or contemplated by any Governmental Authority or threatened by others; and (i) there are no current or pending legal, governmental or regulatory audits or investigations, actions, suits or proceedings that are required under the Securities Act to be described in the Prospectus that are not so described; and (ii) there are no contracts or other documents that are required under the Securities Act to be filed as exhibits to the Registration Statement that are not so filed.

(s) Intellectual Property. Except as disclosed in the Registration Statement and the Prospectus, the Company and the Material Subsidiaries own, possess, license or have other rights to use all foreign and domestic patents, patent applications, trade and service marks, trade and service mark registrations, trade names, copyrights, licenses, inventions, trade secrets, technology, Internet domain names, know-how and other intellectual property (collectively, the "**Intellectual Property**"), necessary for the conduct of their respective businesses as now conducted except to the extent that the failure to own, possess, license or otherwise hold adequate rights to use such Intellectual Property would not, individually or in the aggregate, have a Material Adverse Effect. Except as disclosed in the Registration Statement and the Prospectus (i) there are no rights of third parties to any such Intellectual Property owned by the Company and the Material Subsidiaries; (ii) to the Company's knowledge, there is no infringement by third parties of any such Intellectual Property; (iii) there is no pending or, to the Company's knowledge, threatened action, suit, proceeding or claim by others challenging the Company's and the Material Subsidiaries' rights in or to any such Intellectual Property, and the Company is unaware of any facts which could form a reasonable basis for any such action, suit, proceeding or claim; (iv) there is no pending or, to the Company's knowledge, threatened action, suit, proceeding or claim by others challenging the validity or scope of any such Intellectual Property; (v) there is no pending or, to the Company's knowledge, threatened action, suit, proceeding or claim by others that the Company and the Material Subsidiaries infringe or otherwise violate any patent, trademark, copyright, trade secret or other proprietary rights of others; (vi) to the Company's knowledge, there is no third-party U.S. patent or published U.S. patent application which contains claims for which an Interference Proceeding (as defined in 35 U.S.C. § 135) has been commenced against any patent or patent application described in the Prospectus as being owned by or licensed to the Company; and (vii) the Company and the Material Subsidiaries have complied with the terms of each agreement pursuant to which Intellectual Property has been licensed to the Company or such Subsidiary, and all such agreements are in full force and effect, except, in the case of any of clauses (i)-(vii) above, for any such infringement by third parties or any such pending or threatened suit, action, proceeding or claim as would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

(t) Market Capitalization. At the time the Registration Statement will be originally declared effective, and at the time the Company's most recent Annual Report on Form 20-F was filed with the Commission, the Company met or will meet the then applicable requirements for the use of Form F-3 under the Securities Act, including but not limited to Instruction I.B.5 of Form F-3. As of the date of this Agreement, the aggregate market value of the outstanding voting and non-voting common equity (as defined in Securities Act Rule 405) of the Company held by persons other than affiliates of the Company (pursuant to Securities Act Rule 144, those that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company) (the "**Non-Affiliate Shares**"), was approximately $69,077,000 (calculated by multiplying (x) the highest price at which the common equity of the Company closed on the Exchange within 60 days of the date of this Agreement times (y) the number of Non-Affiliate Shares). The Company is not a shell company (as defined in Rule 405 under the Securities Act) and has not been a shell company for at least 12 calendar months previously and if it has been a shell company at any time previously, has filed current Form 10 information (as defined in Instruction I.B.5 of Form F-3) with the Commission at least 12 calendar months previously reflecting its status as an entity that is not a shell company.

(u) No Material Defaults. Neither the Company nor any of the Material Subsidiaries has defaulted on any installment on indebtedness for borrowed money or on any rental on one or more long-term leases, which defaults, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect. The Company has not filed a report pursuant to Section 13(a) or 15(d) of the Exchange Act since the filing of its last Annual Report on Form 20-F, indicating that it (i) has failed to pay any dividend or sinking fund installment on preferred stock or (ii) has defaulted on any installment on indebtedness for borrowed money or on any rental on one or more long-term leases, which defaults, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect.

(v) Certain Market Activities. Neither the Company, nor any of the Material Subsidiaries, nor any of their respective directors, officers or controlling persons has taken, directly or indirectly, any action designed, or that has constituted or might reasonably be expected to cause or result in, under the Exchange Act or otherwise, the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Placement Shares.

(w) Broker/Dealer Relationships. Neither the Company nor any of the Material Subsidiaries or any related entities (i) is required to register as a "broker" or "dealer" in accordance with the provisions of the Exchange Act or (ii) directly or indirectly through one or more intermediaries, controls or is a "person associated with a member" or "associated person of a member" (within the meaning set forth in the FINRA Manual).

(x) No Reliance. The Company has not relied upon the Agent or legal counsel for the Agent for any legal, tax or accounting advice in connection with the offering and sale of the Placement Shares.

(y) Taxes. The Company and each of the Material Subsidiaries have filed all U.S. federal, Canadian, state, provincial, local and foreign tax returns which have been required to be filed and paid all taxes shown thereon through the date hereof, to the extent that such taxes have become due and are not being contested in good faith, except where the failure to so file or pay would not have a Material Adverse Effect. Except as otherwise disclosed in or contemplated by the Registration Statement or the Prospectus, no tax deficiency has been determined adversely to the Company or any of the Material Subsidiaries which has had, or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. The Company has no knowledge of any federal, state, provincial or other governmental tax deficiency, penalty or assessment which has been or might be asserted or threatened against it which would have a Material Adverse Effect.

(z) Title to Real and Personal Property. Except as set forth in the Registration Statement or the Prospectus, the Company and the Material Subsidiaries have good and marketable title in fee simple to all items of real property owned by them, good and valid title to all personal property described in the Registration Statement or the Prospectus as being owned by them that are material to the businesses of the Company or such Material Subsidiary, in each case free and clear of all liens, encumbrances and claims, except those that (i) do not materially interfere with the use made and proposed to be made of such property by the Company and any of the Material Subsidiaries or (ii) would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect. Any real or personal property described in the Registration Statement or the Prospectus as being leased by the Company and any of the Material Subsidiaries is held by them under valid, existing and enforceable leases, except those that (A) do not materially interfere with the use made or proposed to be made of such property by the Company or any of the Material Subsidiaries or (B) would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect. Each of the properties of the Company and the Material Subsidiaries complies with all applicable codes, laws and regulations (including, without limitation, building and zoning codes, laws and regulations and laws relating to access to such properties), except if and to the extent disclosed in the Registration Statement or the Prospectus or except for such failures to comply that would not, individually or in the aggregate, reasonably be expected to interfere in any material respect with the use made and proposed to be made of such property by the Company and the Material Subsidiaries or otherwise have a Material Adverse Effect. None of the Company or the Material Subsidiaries has received from any governmental or regulatory authorities any notice of any condemnation of, or zoning change affecting, the properties of the Company and the Material Subsidiaries, and the Company knows of no such condemnation or zoning change which is threatened, except for such that would not reasonably be expected to interfere in any material respect with the use made and proposed to be made of such property by the Company and the Material Subsidiaries or otherwise have a Material Adverse Effect, individually or in the aggregate.

(aa) Environmental Laws. Except as set forth in the Registration Statement or the Prospectus:

(i) each of the Company and the Material Subsidiaries is in compliance in all material respects with all applicable federal, provincial, state, municipal and local laws, statutes, ordinances, by-laws and regulations and orders, directives and decisions rendered by any ministry, department or administrative or regulatory agency, domestic or foreign (the "**Environmental Laws**") relating to the protection of the environment, occupational health and safety or the processing, use, treatment, storage, disposal, discharge, transport or handling of any pollutants, contaminants, chemicals or industrial, toxic or hazardous wastes or substance (the "**Hazardous Substances**");

(ii) each of the Company and the Material Subsidiaries has obtained all licenses, permits, approvals, consents, certificates, registrations and other authorizations under all applicable Environmental Laws (the "**Environmental Permits**") necessary as at the date hereof for the operation of the businesses carried on or proposed to be commenced by the Company and the Material Subsidiaries and each Environmental Permit is valid, subsisting and in good standing and to the knowledge of the Company neither the Company nor the Material Subsidiaries is in default or breach of any Environmental Permit which would have a Material Adverse Effect, and no proceeding is pending or, to the knowledge of the Company or the Material Subsidiaries, threatened, to revoke or limit any Environmental Permit;

(iii) neither the Company nor the Material Subsidiaries has used, except in compliance with all Environmental Laws and Environmental Permits, and other than as may be incidental to mineral resource exploration, development, mining, recovery, processing or milling, any property or facility which it owns or leases or previously owned or leased, to generate, manufacture, process, distribute, use, treat, store, dispose of, transport or handle any Hazardous Substance;

(iv) neither the Company nor the Material Subsidiaries (including, if applicable, any predecessor companies) has received any notice of, or been prosecuted for an offence alleging, non-compliance with any Environmental Law, and neither the Company nor the Material Subsidiaries (including, if applicable, any predecessor companies) has settled any allegation of non-compliance short of prosecution. There are no orders or directions relating to environmental matters requiring any material work, repairs, construction or capital expenditures to be made with respect to any of the assets of the Company or the Material Subsidiaries, nor has the Company or the Material Subsidiaries received notice of any of the same; and

(v) neither the Company nor the Material Subsidiaries has received any notice wherein it is alleged or stated that the Company or the Material Subsidiaries is potentially responsible for a federal, provincial, state, municipal or local clean-up site or corrective action under any Environmental Laws. Neither the Company nor the Material Subsidiaries has received any request for information in connection with any federal, state, municipal or local inquiries as to disposal sites.

(bb) Disclosure Controls. The Company and each of the Material Subsidiaries maintain systems of internal accounting controls applicable under IFRS, or if applicable under GAAP, sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. The Company's internal control over financial reporting is effective and the Company is not aware of any material weaknesses in its internal control over financial reporting (other than as set forth in the Prospectus). Since the date of the latest audited financial statements of the Company included or incorporated by reference in the Registration Statement and the Prospectus, there has been no change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting (other than as set forth in the Prospectus). The Company has established disclosure controls and procedures (as defined in Exchange Act Rules 13a-15 and 15d-15) for the Company and designed such disclosure controls and procedures to ensure that material information relating to the Company and each of the Material Subsidiaries is made known to the certifying officers by others within those entities, particularly during the period in which the Company's Annual Report on Form 20-F is being prepared or during the period in which financial statements will be filed or furnished with the Commission on Form 6-K. The Company's certifying officers have evaluated the effectiveness of the Company's controls and procedures as of a date within 90 days prior to the filing date of the Form 20-F for the fiscal year most recently ended (such date, the **"Evaluation Date**"). The Company presented in its Form 20-F for the fiscal year most recently ended the conclusions of the certifying officers about the effectiveness of the disclosure controls and procedures based on their evaluations as of the Evaluation Date and the disclosure controls and procedures are effective. Since the Evaluation Date, there have been no significant changes in the Company's internal controls (as such term is defined in Item 307(b) of Regulation S-K under the Securities Act) or, to the Company's knowledge, in other factors that could significantly affect the Company's internal controls.

(cc) Sarbanes-Oxley. There is and has been no failure on the part of the Company or any of the Company's directors or officers, in their capacities as such, to comply in all material respects with any applicable provisions of the Sarbanes-Oxley Act and the rules and regulations promulgated thereunder. Each of the principal executive officer and the principal financial officer of the Company (or each former principal executive officer of the Company and each former principal financial officer of the Company as applicable) has made all certifications required by Sections 302 and 906 of the Sarbanes-Oxley Act with respect to all reports, schedules, forms, statements and other documents required to be filed by it or furnished by it to the Commission. For purposes of the preceding sentence, "principal executive officer" and "principal financial officer" shall have the meanings given to such terms in the Sarbanes-Oxley Act.

(dd) Mining Rights. The Avino mine, San Gonzalo mine and Bralorne Gold mine, each as described in the Registration Statement or included or incorporated by reference in the Prospectus (collectively, the "**Material Properties**") are the only material resource properties in which the Company or the Material Subsidiaries have an interest; the Company or through the Material Subsidiaries, hold either freehold title, mining leases, mining concessions, mining claims, exploration permits, prospecting permits or participant interests or other conventional property or proprietary interests or rights, recognized in the jurisdiction in which the Material Properties are located, in respect of the ore bodies and minerals located on the Material Properties in which the Company (through the applicable Material Subsidiary) has an interest under valid, subsisting and enforceable title documents or other recognized and enforceable agreements, contracts, arrangements or understandings, sufficient to permit the Company (through the applicable Material Subsidiary) to explore for and exploit the minerals relating thereto; all leases or claims and permits relating to the Material Properties in which the Company (through the applicable Material Subsidiary) has an interest or right have been validly located and recorded in accordance with all applicable laws and are valid and subsisting; the Company (through the applicable Material Subsidiary) has all necessary surface rights, access rights and other necessary rights and interests relating to the Material Property in which the Company (through the applicable Material Subsidiary) has an interest granting the Company (through the applicable Material Subsidiary) the right and ability to explore for and exploit minerals, ore and metals for development and production purposes as are appropriate in view of the rights and interest therein of the Company or the applicable Material Subsidiary, with only such exceptions as do not materially interfere with the current use made by the Company or the applicable Material Subsidiary of the rights or interest so held, and each of the proprietary interests or rights and each of the agreements, contracts, arrangements or understandings and obligations relating thereto referred to above is currently in good standing in all respects in the name of the Company or the applicable Material Subsidiary; except as disclosed in the Prospectus, the Company and the Material Subsidiaries do not have any responsibility or obligation to pay any commission, royalty, license, fee or similar payment to any person with respect to the property rights thereof;

(i) the Company or the applicable Material Subsidiary holds direct interests in the Material Properties, as described in the Registration Statement or the Prospectus (the "**Project Rights**"), under valid, subsisting and enforceable agreements or instruments, to the knowledge of the Company and all such agreements and instruments in connection with the Project Rights are valid and subsisting and enforceable in accordance with their terms;

(ii) the Company and the Material Subsidiaries have identified all the permits, certificates, and approvals (collectively, the "**Permits**") which are or will be required for the exploration, development and eventual or actual operation of the Material Properties, which Permits include but are not limited to environmental assessment certificates, water licenses, land tenures, rezoning or zoning variances and other necessary local, provincial, state and federal approvals; and the appropriate Permits have either been received, applied for, or the processes to obtain such Permits have been or will in due course be initiated by the Company or the applicable Material Subsidiaries; and neither the Company nor the applicable Material Subsidiaries know of any issue or reason why the Permits should not be approved and obtained in the ordinary course;

(iii) all assessments or other work required to be performed in relation to the material mining claims and the mining rights of the Company and the applicable Material Subsidiary in order to maintain their respective interests therein, if any, have been performed to date and the Company and the applicable Material Subsidiary have complied with all applicable governmental laws, regulations and policies in this regard as well as with regard to legal and contractual obligations to third parties in this regard except in respect of mining claims and mining rights that the Company and the applicable Material Subsidiary intend to abandon or relinquish and except for any non-compliance which would not either individually or in the aggregate have a Material Adverse Effect; all such mining claims and mining rights are in good standing in all respects as of the date of this Agreement;

(iv) all mining operations on the properties of the Company and the Material Subsidiaries (including, without limitation, the Material Properties) have been conducted in all respects in accordance with good mining and engineering practices and all applicable workers' compensation and health and safety and workplace laws, regulations and policies have been duly complied with;

(v) there are no environmental audits, evaluations, assessments, studies or tests relating to the Company or the Material Subsidiaries except for ongoing assessments conducted by or on behalf of the Company and the Material Subsidiaries in the ordinary course;

(vi) the Company made available to the respective authors thereof prior to the issuance of all of the applicable technical reports relating to the Material Properties (the "**Reports**"), for the purpose of preparing the Reports, as applicable, all information requested, and no such information contained any material misrepresentation as at the relevant time the relevant information was made available; the Company does not have any knowledge of a change in any production, cost, price, reserves or other relevant information provided since the dates that such information was so provided which would have a Material Adverse Effect; and

(vii) the Reports accurately and completely set forth all material facts relating to the Material Properties; and since the date of preparation of the Reports, there has been no change that would disaffirm or materially change any aspect of the Reports.

(ee) Finder's Fees. Neither the Company nor any of the Material Subsidiaries has incurred any liability for any finder's fees, brokerage commissions or similar payments in connection with the transactions herein contemplated, except as may otherwise exist with respect to Agent pursuant to this Agreement.

(ff) Labor Disputes. No labor disturbance by or dispute with employees of the Company or any of the Material Subsidiaries exists or, to the knowledge of the Company, is threatened that could reasonably be expected to have resulted in a Material Adverse Effect.

(gg) Local Disputes. Except as disclosed in the Registration Statement and the Prospectus, no dispute between the Company and any local, native or indigenous group exists, or to the Company's knowledge, is threatened or imminent with respect to any of the Company's properties or exploration activities that could reasonably be expected to have a Material Adverse Effect.

(hh) Investment Company Act. Neither the Company nor any of the Material Subsidiaries is or, after giving effect to the offering and sale of the Placement Shares and the application of the proceeds thereof as described in the Registration Statement and the Prospectus, will be an "investment company" or an entity "controlled" by an "investment company," as such terms are defined in the Investment Company Act of 1940, as amended (the "**Investment Company Act**").

(ii) Operations. The operations of the Company and the Material Subsidiaries are and have been conducted at all times in compliance with applicable financial record keeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), the *Corruption of Foreign Public Officials Act* (Canada) and applicable rules and regulations thereunder, and the money laundering statutes of all jurisdictions to which the Company or its Subsidiaries are subject, the rules and regulations thereunder and any related or similar applicable rules, regulations or guidelines, issued, administered or enforced by any Governmental Authority (collectively, the "**Money Laundering Laws**"), except as would not reasonably be expected to result in a Material Adverse Effect; and no action, suit or proceeding by or before any court or Governmental Authority or any arbitrator involving the Company or any of the Material Subsidiaries with respect to the Money Laundering Laws is pending or, to the knowledge of the Company, threatened.

(jj) Off-Balance Sheet Arrangements. There are no transactions, arrangements and other relationships between and/or among the Company, and/or, to the knowledge of the Company, any of its affiliates and any unconsolidated entity, including, but not limited to, any structural finance, special purpose or limited purpose entity (each, an "**Off Balance Sheet Transaction**") that could reasonably be expected to affect materially the Company's liquidity or the availability of or requirements for its capital resources, including those Off Balance Sheet Transactions described in the Commission's Statement about Management's Discussion and Analysis of Financial Conditions and Results of Operations (Release Nos. 33-8056; 34-45321; FR-61), required to be described in the Prospectus which have not been described as required.

(kk) Underwriter Agreements. The Company is not a party to any agreement with an agent or underwriter for any other "at the market" or continuous equity or debt transaction.

(ll) ERISA. To the knowledge of the Company, each material employee benefit plan, within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") or its Canadian or foreign law equivalent, that is maintained, administered or contributed to by the Company or any of its affiliates for employees or former employees of the Company and any of the Material Subsidiaries has been maintained in material compliance with its terms and the requirements of any applicable statutes, orders, rules and regulations, including but not limited to ERISA and the Internal Revenue Code of 1986, as amended (the "Code") or its Canadian or foreign law equivalent; no prohibited transaction, within the meaning of Section 406 of ERISA or Section 4975 of the Code or its Canadian or foreign law equivalent, has occurred which would result in a material liability to the Company with respect to any such plan excluding transactions effected pursuant to a statutory or administrative exemption; and for each such plan that is subject to the funding rules of Section 412 of the Code or Section 302 of ERISA or its Canadian or foreign law equivalent, no "accumulated funding deficiency" as defined in Section 412 of the Code or its Canadian or foreign law equivalent has been incurred, whether or not waived, and the fair market value of the assets of each such plan (excluding for these purposes accrued but unpaid contributions) exceeds the present value of all benefits accrued under such plan determined using reasonable actuarial assumptions.

(mm) Forward Looking Statements. No forward-looking statement (within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act) (a "**Forward Looking Statement**") contained in the Registration Statement and the Prospectus has been made or reaffirmed without a reasonable basis or has been disclosed other than in good faith. The Forward Looking Statements incorporated by reference in the Registration Statement and the Prospectus from the Company's Annual Report on Form 20-F for the fiscal year most recently ended (i) are within the coverage of the safe harbor for forward looking statements set forth in Section 27A of the Securities Act, Rule 175(b) under the Securities Act or Rule 3b-6 under the Exchange Act, as applicable, (ii) were made by the Company with a reasonable basis and in good faith and reflect the Company's good faith commercially reasonable best estimate of the matters described therein, and (iii) have been prepared in accordance with Item 10 of Regulation S-K under the Securities Act.

(nn) Agent Purchases. The Company acknowledges and agrees that Agent has informed the Company that the Agent may, to the extent permitted under the Securities Act, the Exchange Act and FINRA, purchase and sell Common Stock for its own account while this Agreement is in effect.

(oo) Margin Rules. Neither the issuance, sale and delivery of the Placement Shares nor the application of the proceeds thereof by the Company as described in the Registration Statement and the Prospectus will violate Regulation T, U or X of the Board of Governors of the Federal Reserve System or any other regulation of such Board of Governors.

(pp) Insurance. The Company and each of the Material Subsidiaries carry, or are covered by, insurance in such amounts and covering such risks as the Company and each of the Material Subsidiaries reasonably believe are adequate for the conduct of their properties and as is customary for companies engaged in similar businesses in similar industries.

(qq) No Improper Practices. (i) Neither the Company nor, to the Company's knowledge, the Material Subsidiaries, nor to the Company's knowledge, any of their respective executive officers has, in the past five years, made any unlawful contributions to any candidate for any political office (or failed fully to disclose any contribution in violation of law) or made any contribution or other payment to any official of, or candidate for, any federal, state, provincial, municipal, or foreign office or other person charged with similar public or quasi-public duty in violation of any law or of the character required to be disclosed in the Prospectus; (ii) no relationship, direct or indirect, exists between or among the Company or, to the Company's knowledge, any Material Subsidiary or any affiliate of any of them, on the one hand, and the directors, officers and shareholders of the Company or, to the Company's knowledge, any Material Subsidiary, on the other hand, that is required by the Securities Act to be described in the Registration Statement and the Prospectus that is not so described; (iii) no relationship, direct or indirect, exists between or among the Company or any Material Subsidiary or any affiliate of them, on the one hand, and the directors, officers, or stockholders of the Company or, to the Company's knowledge, any Material Subsidiary, on the other hand, that is required by the rules of FINRA (or Canadian equivalent thereof) to be described in the Registration Statement and the Prospectus that is not so described; (iv) except as described in the Prospectus, there are no material outstanding loans or advances or material guarantees of indebtedness by the Company or, to the Company's knowledge, any Material Subsidiary to or for the benefit of any of their respective officers or directors or any of the members of the families of any of them; and (v) the Company has not offered, or caused any placement agent to offer, Common Stock to any person with the intent to influence unlawfully (A) a customer or supplier of the Company or any Material Subsidiary to alter the customer's or supplier's level or type of business with the Company or any Material Subsidiary or (B) a trade journalist or publication to write or publish favorable information about the Company or any Material Subsidiary or any of their respective products or services, and, (vi) neither the Company nor any Material Subsidiary nor, to the Company's knowledge, any employee or agent of the Company or any Material Subsidiary has made any payment of funds of the Company or any Material Subsidiary or received or retained any funds in violation of any law, rule or regulation (including, without limitation, the Foreign Corrupt Practices Act of 1977) and the *Corruption of Foreign Public Officials Act* (Canada)), which payment, receipt or retention of funds is of a character required to be disclosed in the Registration Statement or the Prospectus.

(rr) Status Under the Securities Act. The Company was not and is not an ineligible issuer as defined in Rule 405 under the Securities Act at the times specified in Rules 164 and 433 under the Securities Act in connection with the offering of the Placement Shares.

(ss) No Misstatement or Omission in an Issuer Free Writing Prospectus. Each Issuer Free Writing Prospectus, as of its issue date and as of each Applicable Time (as defined in Section 26 below), did not, does not and will not include any information that conflicted, conflicts or will conflict with the information contained in the Registration Statement or the Prospectus, including any incorporated document deemed to be a part thereof that has not been superseded or modified. The foregoing sentence does not apply to statements in or omissions from any Issuer Free Writing Prospectus based upon and in conformity with written information furnished to the Company by the Agent specifically for use therein.

(tt) No Conflicts. Neither the execution of this Agreement, nor the issuance, offering or sale of the Placement Shares, nor the consummation of any of the transactions contemplated herein and therein, nor the compliance by the Company with the terms and provisions hereof and thereof will conflict with, or will result in a breach of, any of the terms and provisions of, or has constituted or will constitute a default under, or has resulted in or will result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company pursuant to the terms of any contract or other agreement to which the Company may be bound or to which any of the property or assets of the Company is subject, except (i) such conflicts, breaches or defaults as may have been waived and (ii) such conflicts, breaches and defaults that would not have a Material Adverse Effect; nor will such action result (x) in any violation of the provisions of the organizational or governing documents of the Company, or (y) in any material violation of the provisions of any statute or any order, rule or regulation applicable to the Company or of any court or of any federal, state or other regulatory authority or other government body having jurisdiction over the Company.

(uu) Sanctions. (i) The Company represents that, neither the Company nor any of the Material Subsidiaries (collectively, the "**Entity**") nor to the Company's knowledge, any director, officer, employee, agent, affiliate or representative of the Entity, is a government, individual, or entity (in this paragraph (uu), "**Person**") that is, or is owned or controlled by a Person that is:

(A) the subject of any sanctions administered or enforced by the U.S. Department of Treasury's Office of Foreign Assets Control, the United Nations Security Council, the European Union, Her Majesty's Treasury, the Office of the Superintendent of Financial Institutions (Canada), or pursuant to the *Special Economic Measures Act* (Canada) or other relevant sanctions authority or relevant statute, rule, or regulation (collectively, "**Sanctions**"), nor

(B) located, organized or resident in a country or territory that is the subject of Sanctions (including, without limitation, Cuba, Iran, North Korea, Syria, and the Crimea Region of the Ukraine).

(ii) The Entity represents and covenants that it will not, directly or indirectly, use the proceeds of the offering, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person:

(A) to fund or facilitate any activities or business of or with any Person or in any country or territory that, at the time of such funding or facilitation, is the subject of Sanctions; or

(B) in any other manner that will result in a violation of Sanctions by any Person (including any Person participating in the offering, whether as underwriter, advisor, investor or otherwise).

(iii) The Entity represents and covenants that, except as detailed in the Registration Statement and the Prospectus, for the past 5 years, it has not knowingly engaged in, is not now knowingly engaged in, and will not engage in, any dealings or transactions with any Person, or in any country or territory, that at the time of the dealing or transaction is or was the subject of Sanctions.

(vv) Corruption. Neither the Company nor the Subsidiaries, nor to the knowledge of the Company and the Subsidiaries, any director, officer, agent, employee or other person associated with or acting on behalf of the Company or the Subsidiaries has: (i) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; (ii) made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds; (iii) violated or is in violation of any provision of the Corruption of Foreign Officials Act (Canada); or (iv) made any bribe, rebate, payoff, influence payment, kickback or other unlawful payment;

(ww) Stock Transfer Taxes. On each Settlement Date, all stock transfer or other taxes (other than income taxes) which are required to be paid in connection with the sale and transfer of the Placement Shares to be sold hereunder will be, or will have been, fully paid or provided for by the Company and all laws imposing such taxes will be or will have been fully complied with.

(xx) Compliance with Laws. The Company has not been advised, and has no reason to believe, that it and each of the Material Subsidiaries are not conducting business in compliance with all applicable laws, rules and regulations of the jurisdictions in which it is conducting business, except where failure to be so in compliance would not result in a Material Adverse Effect.

(yy) Exchange Registration. The Common Stock is registered pursuant to Section 12(b) of the Exchange Act and is accepted for trading on the NYSE American under the symbol "ASM" and the TSX under the symbol "ASM," and the Company has taken no action designed to terminate the registration of the Common Stock under the Exchange Act or delisting the Common Stock from either the NYSE American or the TSX, nor, except as disclosed in the Registration Statement and the Prospectus, has the Company received any notification that the Commission, the applicable Canadian securities regulators or either the NYSE American or the TSX is contemplating terminating such registration or listing. Except as disclosed in the Registration Statement and the Prospectus, the Company has complied in all material respects with the applicable requirements of the NYSE American or the TSX for maintenance of inclusion of the Common Stock thereon. The Company has obtained all necessary consents, approvals, authorizations or orders of, or filing, notification or registration with, the NYSE American or the TSX, the Commission and the applicable Canadian securities regulators, where applicable, required for the listing and trading of the Placement Shares, subject only to satisfying their standard listing and maintenance requirements. The Company has no reason to believe that it will not in the foreseeable future continue to be in compliance with all such listing and maintenance requirements of both the NYSE American or the TSX.

Any certificate signed by an officer of the Company and delivered to the Agent or to counsel for the Agent pursuant to or in connection with this Agreement shall be deemed to be a representation and warranty by the Company, as applicable, to the Agent as to the matters set forth therein.

7. Covenants of the Company. The Company covenants and agrees with Agent that:

(a) Registration Statement Amendments. After the date of this Agreement and during any period in which a Prospectus relating to any Placement Shares is required to be delivered by Agent under the Securities Act (including in circumstances where such requirement may be satisfied pursuant to Rule 172 under the Securities Act or similar rule), (i) the Company will notify the Agent promptly of the time when any subsequent amendment to the Registration Statement, other than documents incorporated by reference, has been filed with the Commission and/or has become effective or any subsequent supplement to the Prospectus has been filed and of any request by the Commission for any amendment or supplement to the Registration Statement or Prospectus or for additional information, (ii) the Company will prepare and file with the Commission, promptly upon the Agent's request, any amendments or supplements to the Registration Statement or Prospectus that, in such Agent's reasonable opinion, may be necessary or advisable in connection with the distribution of the Placement Shares by the Agent (provided, however, that the failure of the Agent to make such request shall not relieve the Company of any obligation or liability hereunder, or affect the Agent's right to rely on the representations and warranties made by the Company in this Agreement and provided, further, that the only remedy the Agent shall have with respect to the failure to make such filing shall be to cease making sales under this Agreement until such amendment or supplement is filed); (iii) the Company will not file any amendment or supplement to the Registration Statement or Prospectus relating to the Placement Shares or a security convertible into the Placement Shares unless a copy thereof has been submitted to Agent within a reasonable period of time before the filing and the Agent has not objected thereto (provided, however, that the failure of the Agent to make such objection shall not relieve the Company of any obligation or liability hereunder, or affect the Agent's right to rely on the representations and warranties made by the Company in this Agreement and provided, further, that the only remedy Agent shall have with respect to the failure by the Company to obtain such consent shall be to cease making sales under this Agreement) and the Company will furnish to the Agent at the time of filing thereof a copy of any document that upon filing is deemed to be incorporated by reference into the Registration Statement or Prospectus, except for those documents available via EDGAR; and (iv) the Company will cause each amendment or supplement to the Prospectus to be filed with the Commission as required pursuant to the applicable paragraph of Rule 424(b) of the Securities Act or, in the case of any document to be incorporated therein by reference, to be filed with the Commission as required pursuant to the Exchange Act, within the time period prescribed (the determination to file or not file any amendment or supplement with the Commission under this Section 7(a), based on the Company's reasonable opinion or reasonable objections, shall be made exclusively by the Company).

(b) Notice of Commission Stop Orders. The Company will advise the Agent, promptly after it receives notice or obtains knowledge thereof, of the issuance or threatened issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement, of the suspension of the qualification of the Placement Shares for offering or sale in any jurisdiction, or of the initiation or threatening of any proceeding for any such purpose; and it will promptly use its commercially reasonable efforts to prevent the issuance of any stop order or to obtain its withdrawal if such a stop order should be issued. The Company will advise the Agent promptly after it receives any request by the Commission for any amendments to the Registration Statement or any amendment or supplements to the Prospectus or any Issuer Free Writing Prospectus or for additional information related to the offering of the Placement Shares or for additional information related to the Registration Statement, the Prospectus or any Issuer Free Writing Prospectus.

(c) Delivery of Prospectus; Subsequent Changes. During any period in which a Prospectus relating to the Placement Shares is required to be delivered by the Agent under the Securities Act with respect to the offer and sale of the Placement Shares, (including in circumstances where such requirement may be satisfied pursuant to Rule 172 under the Securities Act or similar rule), the Company will comply with all requirements imposed upon it by the Securities Act, as from time to time in force, and to file on or before their respective due dates all reports and any definitive proxy or information statements required to be filed by the Company with the Commission pursuant to Sections 13(a), 13(c), 14, 15(d) or any other provision of or under the Exchange Act. If the Company has omitted any information from the Registration Statement pursuant to Rule 430B under the Securities Act, it will use its best efforts to comply with the provisions of and make all requisite filings with the Commission pursuant to said Rule 430B and to notify the Agent promptly of all such filings. If during such period any event occurs as a result of which the Prospectus as then amended or supplemented would include an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances then existing, not misleading, or if during such period it is necessary to amend or supplement the Registration Statement or Prospectus to comply with the Securities Act, the Company will promptly notify Agent to suspend the offering of Placement Shares during such period and the Company will promptly amend or supplement the Registration Statement or Prospectus (at the expense of the Company) so as to correct such statement or omission or effect such compliance.

(d) Listing of Placement Shares. During any period in which the Prospectus relating to the Placement Shares is required to be delivered by the Agent under the Securities Act with respect to the offer and sale of the Placement Shares, the Company will use its reasonable best efforts to cause the Placement Shares to be listed on the Exchange.

(e) Delivery of Registration Statement and Prospectus. The Company will furnish to the Agent and its counsel (at the expense of the Company) copies of the Registration Statement, the Prospectus (including all documents incorporated by reference therein) and all amendments and supplements to the Registration Statement or Prospectus that are filed with the Commission during any period in which a Prospectus relating to the Placement Shares is required to be delivered under the Securities Act (including all documents filed with the Commission during such period that are deemed to be incorporated by reference therein), in each case as soon as reasonably practicable and in such quantities as the Agent may from time to time reasonably request and, at the Agent's request, will also furnish copies of the Prospectus to each exchange or market on which sales of the Placement Shares may be made; provided, however, that the Company shall not be required to furnish any document (other than the Prospectus) to the Agent to the extent such document is available on EDGAR.

(f) Earnings Statement. The Company will make generally available to its security holders as soon as practicable, but in any event not later than 15 months after the end of the Company's current fiscal quarter, an earnings statement covering a 12-month period that satisfies the provisions of Section 11(a) and Rule 158 of the Securities Act.

(g) Use of Proceeds. The Company will use the Net Proceeds as described in the Prospectus in the section entitled "Use of Proceeds."

(h) Notice of Other Sales. Without the prior written consent of Agent, the Company will not, directly or indirectly, offer to sell, sell, contract to sell, grant any option to sell or otherwise dispose of any Common Stock (other than the Placement Shares offered pursuant to this Agreement) or securities convertible into or exchangeable for Common Stock, warrants or any rights to purchase or acquire, Common Stock during the period beginning on the fifth (5th) Trading Day immediately prior to the date on which any Placement Notice is delivered to Agent hereunder and ending on the fifth (5th) Trading Day immediately following the final Settlement Date with respect to Placement Shares sold pursuant to such Placement Notice (or, if the Placement Notice has been terminated or suspended prior to the sale of all Placement Shares covered by a Placement Notice, the date of such suspension or termination); and will not directly or indirectly in any other "at the market" or continuous equity transaction offer to sell, sell, contract to sell, grant any option to sell or otherwise dispose of any Common Stock (other than the Placement Shares offered pursuant to this Agreement) or securities convertible into or exchangeable for Common Stock, warrants or any rights to purchase or acquire, Common Stock prior to the later of the termination of this Agreement and the sixtieth (60th) day immediately following the final Settlement Date with respect to Placement Shares sold pursuant to such Placement Notice; provided, however, that such restrictions will not be required in connection with the Company's issuance or sale of (i) Common Stock, options to purchase Common Stock or Common Stock issuable upon the exercise of options, pursuant to any employee or director stock option or benefits plan, stock ownership plan or dividend reinvestment plan (but not Common Stock subject to a waiver to exceed plan limits in its dividend reinvestment plan) of the Company whether now in effect or hereafter implemented, (ii) Common Stock issuable upon conversion of securities or the exercise of warrants, options or other rights in effect or outstanding, and disclosed in filings by the Company available on EDGAR or otherwise in writing to the Agent and (iii) Common Stock or securities convertible into or exchangeable for shares of Common Stock as consideration for mergers, acquisitions, other business combinations or strategic alliances occurring after the date of this Agreement which are not issued for capital raising purposes.

(i) Change of Circumstances. The Company will, at any time during the pendency of a Placement Notice advise the Agent promptly after it shall have received notice or obtained knowledge thereof, of any information or fact that would alter or affect in any material respect any opinion, certificate, letter or other document required to be provided to the Agent pursuant to this Agreement.

(j) Due Diligence Cooperation. The Company will cooperate with any reasonable due diligence review conducted by the Agent or its representatives in connection with the transactions contemplated hereby, including, without limitation, providing information and making available documents and senior corporate officers, during regular business hours and at the Company's principal offices, as the Agent may reasonably request.

(k) Required Filings Relating to Placement of Placement Shares. The Company agrees that on such dates as the Securities Act shall require, the Company will (i) file a prospectus supplement with the Commission under the applicable paragraph of Rule 424(b) under the Securities Act (each and every filing under Rule 424(b), a "**Filing Date**"), which prospectus supplement will set forth, within the relevant period, the amount of Placement Shares sold through the Agent, the Net Proceeds to the Company and the compensation payable by the Company to the Agent with respect to such Placement Shares, and (ii) deliver such number of copies of each such prospectus supplement to each exchange or market on which such sales were effected as may be required by the rules or regulations of such exchange or market.

(l) Representation Dates; Certificate. (1) Prior to the date of the first Placement Notice and (2) each time the Company:

(i) files the Prospectus relating to the Placement Shares or amends or supplements (other than a prospectus supplement relating solely to an offering of securities other than the Placement Shares) the Registration Statement or the Prospectus relating to the Placement Shares by means of a post-effective amendment, sticker, or supplement but not by means of incorporation of documents by reference into the Registration Statement or the Prospectus relating to the Placement Shares;

(ii) files an annual report on Form 20-F under the Exchange Act (including any Form 20-F/A containing amended financial information or a material amendment to the previously filed Form 20-F;

(iii) files its quarterly or six-month reports on Form 6-K under the Exchange Act containing financial statements, supporting schedules or other financial data incorporated by reference into the Registration Statement; or

(iv) files a report on Form 6-K containing amended financial information under the Exchange Act incorporated by reference into the Registration Statement (each date of filing of one or more of the documents referred to in clauses (i) through (iv) shall be a "**Representation Date**");

the Company shall furnish the Agent (but in the case of clause (iv) above only if the Agent reasonably determines that the information contained in such Form 6-K is material) with a certificate in the form and substance satisfactory to the Agent and its counsel, substantially similar to the form previously provided to the Agent and its counsel, modified, as necessary, to relate to the Registration Statement and the Prospectus as amended or supplemented. The requirement to provide a certificate under this Section 7(l) shall be waived for any Representation Date occurring at a time a Suspension is in effect, which waiver shall continue until the earlier to occur of the date the Company delivers instructions for the sale of Placement Shares hereunder (which for such calendar quarter shall be considered a Representation Date) and the next occurring Representation Date. Notwithstanding the foregoing, if the Company subsequently decides to sell Placement Shares following a Representation Date when a Suspension was in effect and did not provide the Agent with a certificate under this Section 7(l), then before the Company delivers the instructions for the sale of Placement Shares or the Agent sells any Placement Shares pursuant to such instructions, the Company shall provide the Agent with a certificate in conformity with this Section 7(l) dated as of the date that the instructions for the sale of Placement Shares are issued.

(m) Legal Opinions. (1) Prior to the date of the first Placement Notice and (2) within five (5) Trading Days of each Representation Date with respect to which the Company is obligated to deliver a certificate pursuant to Section 7(l) for which no waiver is applicable and excluding the date of this Agreement, the Company shall cause to be furnished to the Agent a written opinion of Lewis Brisbois Bisgaard & Smith LLP and Salley Bowes Harwardt Law Corporation (collectively, "**Company Counsel**"), or other counsel satisfactory to the Agent, in form and substance satisfactory to Agent and its counsel, substantially similar to the form attached hereto, modified, as necessary, to relate to the Registration Statement and the Prospectus as then amended or supplemented; provided, however, the Company shall be required to furnish to Agent no more than one opinion hereunder per calendar quarter; provided, further, that in lieu of such opinions for subsequent periodic filings under the Exchange Act, counsel may furnish the Agent with a letter (a " **Reliance Letter**") to the effect that the Agent may rely on a prior opinion delivered under this Section 7(m) to the same extent as if it were dated the date of such letter (except that statements in such prior opinion shall be deemed to relate to the Registration Statement and the Prospectus as amended or supplemented as of the date of the Reliance Letter).

(n) Company's Title Certificate. (1) Prior to the date of the first Placement Notice and (2) within five (5) Trading Days of the date on which the Company files an annual report on Form 20-F, the Company shall cause to be furnished to the Agent certificate stating that no issues exist with respect to the title, surface rights, subsurface rights, exploration and exploitation rights, as applicable on the Material Properties.

(o) Comfort Letter. (1) Prior to the date of the first Placement Notice and (2) within five (5) Trading Days of each Representation Date with respect to which the Company is obligated to deliver a certificate pursuant to Section 7(l) for which no waiver is applicable and excluding the date of this Agreement, the Company shall cause its independent registered public accounting firm to furnish the Agent letters (the "**Comfort Letter**"), dated the date the Comfort Letter is delivered, which shall meet the requirements set forth in this Section 7(n); provided, that if requested by the Agent, the Company shall cause a Comfort Letter to be furnished to the Agent within ten (10) Trading Days of the date of occurrence of any material transaction or event, including the restatement of the Company's financial statements. The Comfort Letter from the Company's independent registered public accounting firm shall be in a form and substance satisfactory to the Agent, (i) confirming that they are an independent registered public accounting firm within the meaning of the Securities Act and the PCAOB, (ii) stating, as of such date, the conclusions and findings of such firm with respect to the financial information and other matters ordinarily covered by accountants' "comfort letters" to underwriters in connection with registered public offerings (the first such letter, the "**Initial Comfort Letter**") and (iii) updating the Initial Comfort Letter with any information that would have been included in the Initial Comfort Letter had it been given on such date and modified as necessary to relate to the Registration Statement and the Prospectus, as amended and supplemented to the date of such letter.

(p) Engineer Comfort Letter. (1) Prior to the date of the first Placement Notice and (2) within five (5) Trading Days of the filing of the Form 20-F, the Company shall cause its independent mining engineer to furnish the Agent letters (the "**Engineer Comfort Letter**"), dated the date the Comfort Letter is delivered, which shall meet the requirements set forth in this Section 7(p); provided, that if requested by the Agent, the Company shall cause a Comfort Letter to be furnished to the Agent within ten (10) Trading Days of the date of occurrence of any material transaction or event. The Comfort Letter from the Company's independent mining engineer shall be in a form reasonably acceptable to the Agent.

(q) Market Activities. The Company will not, directly or indirectly, (i) take any action designed to cause or result in, or that constitutes or might reasonably be expected to constitute, the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of Common Stock or (ii) sell, bid for, or purchase Common Stock, or pay anyone any compensation for soliciting purchases of the Placement Shares other than the Agent.

(r) Investment Company Act. The Company will conduct its affairs in such a manner so as to reasonably ensure that neither it nor any of the Material Subsidiaries will be or become, at any time prior to the termination of this Agreement, required to register as an "investment company," as such term is defined in the Investment Company Act.

(s) No Offer to Sell. Other than an Issuer Free Writing Prospectus approved in advance by the Company and the Agent in its capacity as agent hereunder, neither the Agent nor the Company (including its agents and representatives, other than the Agent in its capacity as such) will make, use, prepare, authorize, approve or refer to any written communication (as defined in Rule 405 under the Securities Act), required to be filed with the Commission, that constitutes an offer to sell or solicitation of an offer to buy Placement Shares hereunder.

(t) Blue Sky and Other Qualifications. The Company will use its commercially reasonable efforts, in cooperation with the Agent, to qualify the Placement Shares for offering and sale, or to obtain an exemption for the Placement Shares to be offered and sold, under the applicable securities laws of such states and other jurisdictions (domestic or foreign) as the Agent may designate and to maintain such qualifications and exemptions in effect for so long as required for the distribution of the Placement Shares (but in no event for less than one year from the date of this Agreement); *provided*, *however*, that the Company shall not be obligated to file any general consent to service of process or to qualify as a foreign corporation or as a dealer in securities in any jurisdiction in which it is not so qualified or to subject itself to taxation in respect of doing business in any jurisdiction in which it is not otherwise so subject. In each jurisdiction in which the Placement Shares have been so qualified or exempt, the Company will file such statements and reports as may be required by the laws of such jurisdiction to continue such qualification or exemption, as the case may be, in effect for so long as required for the distribution of the Placement Shares (but in no event for less than one year from the date of this Agreement).

(u) Sarbanes-Oxley Act. The Company and the Material Subsidiaries will maintain and keep accurate books and records reflecting their assets and maintain internal accounting controls and procedures in a manner designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and including those policies and procedures that (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company, (ii) provide reasonable assurance that transactions are recorded as necessary to permit the preparation of the Company's consolidated financial statements in accordance with IFRS or GAAP as may then be applicable, (iii) that receipts and expenditures of the Company are being made only in accordance with management's and the Company's directors' authorization, and (iv) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on its financial statements. The Company and the Material Subsidiaries will maintain such controls and other procedures, including, without limitation, those required by Sections 302 and 906 of the Sarbanes-Oxley Act and those required by applicable Canadian securities laws, and the applicable regulations thereunder that are designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms, including, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including its principal executive officer and principal financial officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure and to ensure that material information relating to the Company or the Material Subsidiaries is made known to them by others within those entities, particularly during the period in which such periodic reports are being prepared.

(v) Secretary's Certificate; Further Documentation. Prior to the date of the first Placement Notice, the Company shall deliver to the Agent a certificate of the Secretary of the Company and attested to by an executive officer of the Company, dated as of such date, certifying as to (i) the Memorandum of the Company, (ii) the Articles of the Company, (iii) the resolutions of the Board of Directors of the Company authorizing the execution, delivery and performance of this Agreement and the issuance of the Placement Shares and (iv) the incumbency of the officers duly authorized to execute this Agreement and the other documents contemplated by this Agreement. Within five (5) Trading Days of each Representation Date, the Company shall have furnished to the Agent such further information, certificates and documents as the Agent may reasonably request.

8. Payment of Expenses. The Company will pay all expenses incident to the performance of its obligations under this Agreement, including (i) the preparation and filing of the Registration Statement, including any fees required by the Commission, and the printing or electronic delivery of the Prospectus as originally filed and of each amendment and supplement thereto, in such number as the Agent shall deem necessary, (ii) the printing and delivery to the Agent of this Agreement and such other documents as may be required in connection with the offering, purchase, sale, issuance or delivery of the Placement Shares, (iii) the preparation, issuance and delivery of the certificates, if any, for the Placement Shares to the Agent, including any stock or other transfer taxes and any capital duties, stamp duties or other duties or taxes payable upon the sale, issuance or delivery of the Placement Shares to the Agent, (iv) the fees and disbursements of the counsel, accountants and other advisors to the Company, (v) the reasonable fees and expenses of the Agent, including but not limited to the fees and expenses of the counsel to the Agent, payable upon the execution of this Agreement, in an amount not to exceed US$50,000; (vi) the qualification or exemption of the Placement Shares under state securities laws in accordance with the provisions of Section 7(r) hereof, including filing fees, but excluding fees of the Agent's counsel, (vii) the printing and delivery to the Agent of copies of any Permitted Issuer Free Writing Prospectus and the Prospectus and any amendments or supplements thereto in such number as the Agent shall deem necessary, (viii) the preparation, printing and delivery to the Agent of copies of the blue sky survey, (ix) the fees and expenses of the transfer agent and registrar for the Common Stock, (x) the filing and other fees incident to any review by FINRA of the terms of the sale of the Placement Shares including the fees of the Agent's counsel (subject to the cap, set forth in clause (v) above), and (xi) the fees and expenses incurred in connection with the listing of the Placement Shares on the Exchange.

9. Conditions to Agent's Obligations. The obligations of the Agent hereunder with respect to a Placement will be subject to the continuing accuracy and completeness of the representations and warranties made by the Company herein, to the due performance by the Company of its obligations hereunder, to the completion by the Agent of a due diligence review satisfactory to it in its reasonable judgment, and to the continuing satisfaction (or waiver by the Agent in its sole discretion) of the following additional conditions:

(a) Registration Statement Effective. The Registration Statement shall have become effective and shall be available for the (i) resale of all Placement Shares issued to the Agent and not yet sold by the Agent and (ii) sale of all Placement Shares contemplated to be issued by any Placement Notice.

(b) No Material Notices. None of the following events shall have occurred and be continuing: (i) receipt by the Company of any request for additional information from the Commission or any other federal or state Governmental Authority during the period of effectiveness of the Registration Statement, the response to which would require any post-effective amendments or supplements to the Registration Statement or the Prospectus; (ii) the issuance by the Commission or any other federal or state Governmental Authority of any stop order suspending the effectiveness of the Registration Statement or the initiation of any proceedings for that purpose; (iii) receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Placement Shares for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose; or (iv) the occurrence of any event that makes any statement of a material fact made in the Registration Statement or the Prospectus or any document incorporated or deemed to be incorporated therein by reference untrue or that requires the making of any changes in the Registration Statement, the Prospectus or documents so that, in the case of the Registration Statement, it will not contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading and, that in the case of the Prospectus, it will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(c) No Misstatement or Material Omission. Agent shall not have advised the Company that the Registration Statement or Prospectus, or any amendment or supplement thereto, contains an untrue statement of fact that in the Agent's reasonable opinion is material, or omits to state a fact that in the Agent's reasonable opinion is material and is required to be stated therein or is necessary to make the statements therein not misleading.

(d) Material Changes. Except as contemplated in the Prospectus, or disclosed in the Company's reports filed with the Commission, there shall not have been any material adverse change in the authorized capital stock of the Company or any Material Adverse Effect or any development that could reasonably be expected to cause a Material Adverse Effect, or a downgrading in or withdrawal of the rating assigned to any of the Company's securities (other than asset backed securities) by any rating organization or a public announcement by any rating organization that it has under surveillance or review its rating of any of the Company's securities (other than asset backed securities), the effect of which, in the case of any such action by a rating organization described above, in the reasonable judgment of the Agent (without relieving the Company of any obligation or liability it may otherwise have), is so material as to make it impracticable or inadvisable to proceed with the offering of the Placement Shares on the terms and in the manner contemplated in the Prospectus.

(e) Legal Opinions. The Agent shall have received the opinions of Company Counsel required to be delivered pursuant to Section 7(m) on or before the date on which such delivery of such opinion is required pursuant to Section 7(m).

(f) Comfort Letters. The Agent shall have received the Comfort Letter and Engineer Comfort Letter required to be delivered pursuant to Section 7(o) and Section 7(p) on or before the date on which such delivery of such Comfort Letters is required pursuant to Section 7(o) and Section 7(p).

(g) Representation Certificate. The Agent shall have received the certificate required to be delivered pursuant to Section 7(l) on or before the date on which delivery of such certificate is required pursuant to Section 7(l).

(h) No Suspension. Trading in the Common Stock shall not have been suspended on the Exchange or the TSX and the Common Stock shall not have been delisted from the Exchange.

(i) Other Materials. On each date on which the Company is required to deliver a certificate pursuant to Section 7(l) and Section 7(n), the Company shall have furnished to the Agent such appropriate further information, opinions, certificates, letters and other as the Agent may reasonably request. All such opinions, certificates, letters and other documents will be in compliance with the provisions hereof.

(j) Securities Act Filings Made. All filings with the Commission required by Rule 424 under the Securities Act to have been filed prior to the issuance of any Placement Notice hereunder shall have been made within the applicable time period prescribed for such filing by Rule 424.

(k) Approval for Listing. The Placement Shares shall either have been approved for listing on the Exchange and the TSX, subject only to notice of issuance, or the Company shall have filed an application for listing of the Placement Shares on the Exchange or the TSX at, or prior to, the issuance of any Placement Notice.

(l) FINRA. FINRA shall not have raised any objection to the terms of this offering and the amount of compensation allowable or payable to the Agent as described in the Prospectus.

(m) No Termination Event. There shall not have occurred any event that would permit the Agent to terminate this Agreement pursuant to Section 12(a).

10. Indemnification and Contribution.

(a) Company Indemnification. The Company agrees to indemnify and hold harmless the Agent, its affiliates and their respective partners, members, directors, officers, employees and agents and each person, if any, who controls the Agent or any affiliate within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act as follows:

(i) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, joint or several, arising out of or based upon any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement (or any amendment thereto), or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading, or arising out of any untrue statement or alleged untrue statement of a material fact included in any related Issuer Free Writing Prospectus or the Prospectus (or any amendment or supplement thereto), or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(ii) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, joint or several, to the extent of the aggregate amount paid in settlement of any litigation, or any investigation or proceeding by any Governmental Authority, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission; provided that (subject to Section 10(d) below) any such settlement is effected with the written consent of the Company, which consent shall not unreasonably be delayed or withheld; and

(iii) against any and all expense whatsoever, as incurred (including the fees and disbursements of counsel), reasonably incurred in investigating, preparing or defending against any litigation, or any investigation or proceeding by any Governmental Authority, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under (i) or (ii) above,

provided, however, that this indemnity agreement shall not apply to any loss, liability, claim, damage or expense to the extent arising out of any untrue statement or omission or alleged untrue statement or omission made solely in reliance upon and in conformity with the Agent Information (as defined below).

(b) Agent Indemnification. Agent agrees to indemnify and hold harmless the Company and its directors and each officer and director of the Company who signed the Registration Statement, and each person, if any, who controls the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act against any and all loss, liability, claim, damage and expense described in the indemnity contained in Section 10(a), as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Registration Statement (or any amendments thereto) or the Prospectus (or any amendment or supplement thereto) in reliance upon and in conformity with information relating to the Agent and furnished to the Company in writing by the Agent expressly for use therein. The Company hereby acknowledges that the only information that the Agent has furnished to the Company expressly for use in the Registration Statement, the Prospectus or any Issuer Free Writing Prospectus (or any amendment or supplement thereto) are the statements set forth in the seventh and eighth paragraphs under the caption "Plan of Distribution" in the Prospectus (the "**Agent Information**").

(c) Procedure. Any party that proposes to assert the right to be indemnified under this Section 10 will, promptly after receipt of notice of commencement of any action against such party in respect of which a claim is to be made against an indemnifying party or parties under this Section 10, notify each such indemnifying party of the commencement of such action, enclosing a copy of all papers served, but the omission so to notify such indemnifying party will not relieve the indemnifying party from (i) any liability that it might have to any indemnified party otherwise than under this Section 10 and (ii) any liability that it may have to any indemnified party under the foregoing provision of this Section 10 unless, and only to the extent that, such omission results in the forfeiture of substantive rights or defenses by the indemnifying party. If any such action is brought against any indemnified party and it notifies the indemnifying party of its commencement, the indemnifying party will be entitled to participate in and, to the extent that it elects by delivering written notice to the indemnified party promptly after receiving notice of the commencement of the action from the indemnified party, jointly with any other indemnifying party similarly notified, to assume the defense of the action, with counsel reasonably satisfactory to the indemnified party, and after notice from the indemnifying party to the indemnified party of its election to assume the defense, the indemnifying party will not be liable to the indemnified party for any other legal expenses except as provided below and except for the reasonable costs of investigation subsequently incurred by the indemnified party in connection with the defense. The indemnified party will have the right to employ its own counsel in any such action, but the fees, expenses and other charges of such counsel will be at the expense of such indemnified party unless (1) the employment of counsel by the indemnified party has been authorized in writing by the indemnifying party, (2) the indemnified party has reasonably concluded (based on advice of counsel) that there may be legal defenses available to it or other indemnified parties that are different from or in addition to those available to the indemnifying party, (3) a conflict or potential conflict exists (based on advice of counsel to the indemnified party) between the indemnified party and the indemnifying party (in which case the indemnifying party will not have the right to direct the defense of such action on behalf of the indemnified party) or (4) the indemnifying party has not in fact employed counsel to assume the defense of such action within a reasonable time after receiving notice of the commencement of the action or counsel reasonably satisfactory to the indemnified party, in each of which cases the reasonable fees, disbursements and other charges of counsel will be at the expense of the indemnifying party or parties. It is understood that the indemnifying party or parties shall not, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the reasonable fees, disbursements and other charges of more than one separate firm (plus local counsel) admitted to practice in such jurisdiction at any one time for all such indemnified party or parties. All such fees, disbursements and other charges will be reimbursed by the indemnifying party promptly as they are incurred. An indemnifying party will not, in any event, be liable for any settlement of any action or claim effected without its written consent. No indemnifying party shall, without the prior written consent of each indemnified party, settle or compromise or consent to the entry of any judgment in any pending or threatened claim, action or proceeding relating to the matters contemplated by this Section 10 (whether or not any indemnified party is a party thereto), unless such settlement, compromise or consent (1) includes an express and unconditional release of each indemnified party, in form and substance reasonably satisfactory to such indemnified party, from all liability arising out of such litigation, investigation, proceeding or claim and (2) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any indemnified party.

(d) Settlement Without Consent if Failure to Reimburse. If an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for reasonable fees and expenses of counsel, such indemnifying party agrees that it shall be liable for any settlement of the nature contemplated by Section 10(a)(ii) effected without its written consent if (1) such settlement is entered into more than 45 days after receipt by such indemnifying party of the aforesaid request, (2) such indemnifying party shall have received notice of the terms of such settlement at least 30 days prior to such settlement being entered into and (3) such indemnifying party shall not have reimbursed such indemnified party in accordance with such request prior to the date of such settlement.

(e) Contribution. In order to provide for just and equitable contribution in circumstances in which the indemnification provided for in the foregoing paragraphs of this Section 10 is applicable in accordance with its terms but for any reason is held to be unavailable or insufficient from the Company or the Agent, the Company and the Agent will contribute to the total losses, claims, liabilities, expenses and damages (including any investigative, legal and other expenses reasonably incurred in connection with, and any amount paid in settlement of, any action, suit or proceeding or any claim asserted) to which the Company and the Agent may be subject in such proportion as shall be appropriate to reflect the relative benefits received by the Company on the one hand and the Agent on the other hand. The relative benefits received by the Company on the one hand and the Agent on the other hand shall be deemed to be in the same proportion as the total net proceeds from the sale of the Placement Shares (before deducting expenses) received by the Company bear to the total compensation received by the Agent from the sale of Placement Shares on behalf of the Company. If, but only if, the allocation provided by the foregoing sentence is not permitted by applicable law, the allocation of contribution shall be made in such proportion as is appropriate to reflect not only the relative benefits referred to in the foregoing sentence but also the relative fault of the Company, on the one hand, and the Agent, on the other hand, with respect to the statements or omission that resulted in such loss, claim, liability, expense or damage, or action in respect thereof, as well as any other relevant equitable considerations with respect to such offering. Such relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company or the Agent, the intent of the parties and their relative knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and the Agent agree that it would not be just and equitable if contributions pursuant to this Section 10(e) were to be determined by pro rata allocation or by any other method of allocation that does not take into account the equitable considerations referred to herein. The amount paid or payable by an indemnified party as a result of the loss, claim, liability, expense, or damage, or action in respect thereof, referred to above in this Section 10(e) shall be deemed to include, for the purpose of this Section 10(e), any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim to the extent consistent with Section 10(c) hereof. Notwithstanding the foregoing provisions of this Section 10(e), the Agent shall not be required to contribute any amount in excess of the commissions received by it under this Agreement and no person found guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section 10(e), any person who controls a party to this Agreement within the meaning of the Securities Act, any affiliates of the Agent and any officers, directors, partners, employees or agents of the Agent or any of its affiliates, will have the same rights to contribution as that party, and each director of the Company and each officer of the Company who signed the Registration Statement will have the same rights to contribution as the Company, subject in each case to the provisions hereof. Any party entitled to contribution, promptly after receipt of notice of commencement of any action against such party in respect of which a claim for contribution may be made under this Section 10(e), will notify any such party or parties from whom contribution may be sought, but the omission to so notify will not relieve that party or parties from whom contribution may be sought from any other obligation it or they may have under this Section 10(e) except to the extent that the failure to so notify such other party materially prejudiced the substantive rights or defenses of the party from whom contribution is sought. Except for a settlement entered into pursuant to the last sentence of Section 10(c) hereof, no party will be liable for contribution with respect to any action or claim settled without its written consent if such consent is required pursuant to Section 10(c) hereof.

11. Representations and Agreements to Survive Delivery. The indemnity and contribution agreements contained in Section 10 of this Agreement and all representations and warranties of the Company herein or in certificates delivered pursuant hereto shall survive, as of their respective dates, regardless of (i) any investigation made by or on behalf of the Agent, any controlling persons, or the Company (or any of their respective officers, directors or controlling persons), (ii) delivery and acceptance of the Placement Shares and payment therefor or (iii) any termination of this Agreement.

12. Termination.

(a) The Agent may terminate this Agreement, by notice to the Company, as hereinafter specified at any time (1) if there has been, since the time of execution of this Agreement or since the date as of which information is given in the Prospectus, any change, or any development or event involving a prospective change, in the condition, financial or otherwise, or in the business, properties, earnings, results of operations or prospects of the Company and the Material Subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business, which individually or in the aggregate, in the sole judgment of the Agent has or could reasonably be expected to have a Material Adverse Effect and makes it impractical or inadvisable to market the Placement Shares or to enforce contracts for the sale of the Placement Shares, (2) if there has occurred any material adverse change in the financial markets in the United States or Canada or the international financial markets, any outbreak of hostilities or escalation thereof or other calamity or crisis or any change or development involving a prospective change in national or international political, financial or economic conditions, in each case the effect of which is such as to make it, in the judgment of the Agent, impracticable or inadvisable to market the Placement Shares or to enforce contracts for the sale of the Placement Shares, (3) if trading in the Common Stock has been suspended or limited by the Commission or the Exchange, or if trading generally on the Exchange has been suspended or limited, or minimum prices for trading have been fixed on the Exchange, (4) if any suspension of trading of any securities of the Company on any exchange or in the over-the-counter market shall have occurred and be continuing, (5) if a major disruption of securities settlements or clearance services in the United States or Canada shall have occurred and be continuing, or (6) if a banking moratorium has been declared by U.S. Federal, Canada or New York authorities. Any such termination shall be without liability of any party to any other party except that the provisions of Section 8 (Payment of Expenses), Section 10 (Indemnification and Contribution), Section 11 (Representations and Agreements to Survive Delivery), Section 13 (Notices), Section 14 (Successors and Assigns), Section 16 (Entire Agreement; Amendment; Severability) Section 17 (Governing Law and Time; Waiver of Jury Trial), Section 18 (Consent to Jurisdiction), Section 19 (Appointment of Agent for Service), Section 20 (Judgment Currency), Section 24 (Absence of Fiduciary Relationship) and Section 25 (Definitions) hereof shall remain in full force and effect notwithstanding such termination. If the Agent elects to terminate this Agreement as provided in this Section 12(a), the Agent shall provide the required notice as specified in Section 13 (Notices).

(b) The Company shall have the right, by giving ten (10) days' notice as hereinafter specified to terminate this Agreement in its sole discretion at any time after the date of this Agreement. Any such termination shall be without liability of any party to any other party except that the provisions of Section 8, Section 10, Section 11, Section 13, Section 14, Section 16, Section 17, Section 18, Section 19, Section 20, Section 24 and Section 25 hereof shall remain in full force and effect notwithstanding such termination.

(c) The Agent shall have the right, by giving ten (10) days' notice as hereinafter specified to terminate this Agreement in its sole discretion at any time after the date of this Agreement. Any such termination shall be without liability of any party to any other party except that the provisions of Section 8, Section 10, Section 11, Section 13, Section 14, Section 16, Section 17, Section 18, Section 19, Section 20, Section 24 and Section 25 hereof shall remain in full force and effect notwithstanding such termination.

(d) This Agreement shall remain in full force and effect unless terminated pursuant to Sections 12(a), (b) or (c) above or otherwise by mutual agreement of the parties; provided, however, that any such termination by mutual agreement shall in all cases be deemed to provide that Section 8, Section 10, Section 11, Section 13, Section 14, Section 16, Section 17, Section 18, Section 19, Section 20, Section 24 and Section 25 shall remain in full force and effect.

(e) Any termination of this Agreement shall be effective on the date specified in such notice of termination; provided, however, that such termination shall not be effective until the close of business on the date of receipt of such notice by the Agent or the Company, as the case may be. If such termination shall occur prior to the Settlement Date for any sale of Placement Shares, such Placement Shares shall settle in accordance with the provisions of this Agreement.

13. Notices. All notices or other communications required or permitted to be given by any party to any other party pursuant to the terms of this Agreement shall be in writing, unless otherwise specified, and if sent to the Agent, shall be delivered to:

Cantor Fitzgerald & Co.
499 Park Avenue
New York, NY 10022
Attention: Capital Markets
Facsimile: (212) 307-3730

with a copy to

Cantor Fitzgerald & Co.
499 Park Avenue
New York, NY 10022
Attention: General Counsel
Facsimile: (212) 829-4708

and with a copy to:

Cooley LLP
1114 Avenue of the Americas
New York, NY 10036
Attention: Daniel I. Goldberg, Esq.
Facsimile: (212) 479-6275

and with a copy to:

Stikeman Elliott LLP
5300 Commerce Court West
199 Bay Street
Toronto, ON M5L 1B9
Canada
Attention: Martin Langlois or Steven Bennett
Facsimile: (416) 947-0866

and if to the Company, shall be delivered to:

Avino Silver & Gold Mines Ltd.
Suite 900, 570 Granville Street
Vancouver, BC V6C 3P1
Attention: David Wolfin
Facsimile: (604) 682-3600

and with a copy to:

Lewis Brisbois Bisgaard & Smith LLP
333 Bush Street, Suite 1100
San Francisco, CA 94104
Attention: Daniel B. Eng
Facsimile: 415-434-0882

and:

Salley Bowes Harwardt Law Corp.
1750-1185 West Georgia Street
Vancouver, BC V6E 4E6
Attention: Paul Bowes
Facsimile: (604) 688-0778

Each party to this Agreement may change such address for notices by sending to the parties to this Agreement written notice of a new address for such purpose. Each such notice or other communication shall be deemed given (i) when delivered personally or by verifiable facsimile transmission (with an original to follow) on or before 4:30 p.m., New York City time, on a Business Day or, if such day is not a Business Day, on the next succeeding Business Day, (ii) on the next Business Day after timely delivery to a nationally-recognized overnight courier and (iii) on the Business Day actually received if deposited in the U.S. mail (certified or registered mail, return receipt requested, postage prepaid). For purposes of this Agreement, "**Business Day**" shall mean any day on which the Exchange and commercial banks in the City of New York are open for business.

An electronic communication ("**Electronic Notice**") shall be deemed written notice for purposes of this Section 13 if sent to the electronic mail address specified by the receiving party under separate cover. Electronic Notice shall be deemed received at the time the party sending Electronic Notice receives verification of receipt by the receiving party. Any party receiving Electronic Notice may request and shall be entitled to receive the notice on paper, in a nonelectronic form ("**Nonelectronic Notice**") which shall be sent to the requesting party within ten (10) days of receipt of the written request for Nonelectronic Notice.

14. Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the Company and the Agent and their respective successors and the affiliates, controlling persons, officers and directors referred to in Section 10 hereof. References to any of the parties contained in this Agreement shall be deemed to include the successors and permitted assigns of such party. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and permitted assigns any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement. Neither party may assign its rights or obligations under this Agreement without the prior written consent of the other party; provided, however, that the Agent may assign its rights and obligations hereunder to an affiliate thereof without obtaining the Company's consent.

15. Adjustments for Stock Splits. The parties acknowledge and agree that all share-related numbers contained in this Agreement shall be adjusted to take into account any stock split, stock consolidation, stock dividend or similar event effected with respect to the Placement Shares.

16. Entire Agreement; Amendment; Severability; Waiver . This Agreement (including all schedules and exhibits attached hereto and Placement Notices issued pursuant hereto) constitutes the entire agreement and supersedes all other prior and contemporaneous agreements and undertakings, both written and oral, among the parties hereto with regard to the subject matter hereof including the Original Agreement. Neither this Agreement nor any term hereof may be amended except pursuant to a written instrument executed by the Company and the Agent. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable as written by a court of competent jurisdiction, then such provision shall be given full force and effect to the fullest possible extent that it is valid, legal and enforceable, and the remainder of the terms and provisions herein shall be construed as if such invalid, illegal or unenforceable term or provision was not contained herein, but only to the extent that giving effect to such provision and the remainder of the terms and provisions hereof shall be in accordance with the intent of the parties as reflected in this Agreement. No implied waiver by a party shall arise in the absence of a waiver in writing signed by such party. No failure or delay in exercising any right, power, or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any right, power, or privilege hereunder.

17. GOVERNING LAW AND TIME; WAIVER OF JURY TRIAL. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO THE PRINCIPLES OF CONFLICTS OF LAWS. SPECIFIED TIMES OF DAY REFER TO NEW YORK CITY TIME. EACH PARTY HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

18. **CONSENT TO JURISDICTION. EACH PARTY HEREBY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE STATE AND FEDERAL COURTS SITTING IN THE CITY OF NEW YORK, BOROUGH OF MANHATTAN, FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION WITH ANY TRANSACTION CONTEMPLATED HEREBY, AND HEREBY IRREVOCABLY WAIVES, AND AGREES NOT TO ASSERT IN ANY SUIT, ACTION OR PROCEEDING, ANY CLAIM THAT IT IS NOT PERSONALLY SUBJECT TO THE JURISDICTION OF ANY SUCH COURT, THAT SUCH SUIT, ACTION OR PROCEEDING IS BROUGHT IN AN INCONVENIENT FORUM OR THAT THE VENUE OF SUCH SUIT, ACTION OR PROCEEDING IS IMPROPER. EACH PARTY HEREBY IRREVOCABLY WAIVES PERSONAL SERVICE OF PROCESS AND CONSENTS TO PROCESS BEING SERVED IN ANY SUCH SUIT, ACTION OR PROCEEDING BY MAILING A COPY THEREOF (CERTIFIED OR REGISTERED MAIL, RETURN RECEIPT REQUESTED) TO SUCH PARTY AT THE ADDRESS IN EFFECT FOR NOTICES TO IT UNDER THIS AGREEMENT AND AGREES THAT SUCH SERVICE SHALL CONSTITUTE GOOD AND SUFFICIENT SERVICE OF PROCESS AND NOTICE THEREOF. NOTHING CONTAINED HEREIN SHALL BE DEEMED TO LIMIT IN ANY WAY ANY RIGHT TO SERVE PROCESS IN ANY MANNER PERMITTED BY LAW. TO THE EXTENT THAT THE COMPANY HAS OR HEREAFTER MAY ACQUIRE ANY IMMUNITY (ON THE GROUNDS OF SOVEREIGNTY OR OTHERWISE) FROM THE JURISDICTION OF ANY COURT OR FROM ANY LEGAL PROCESS WITH RESPECT TO ITSELF OR ITS PROPERTY, THE COMPANY IRREVOCABLY WAIVES, AS AGENTS FOR SUITS, ACTIONS OR PROCEEDINGS HEREUNDER, TO THE FULLEST EXTENT PERMITTED BY LAW, SUCH IMMUNITY IN RESPECT OF ANY SUCH SUIT, ACTION OR PROCEEDING.**

19. Appointment of Agent for Service. The Company has filed with the Commission a Form F-X appointing Paracorp Incorporated (or any successor) as its agent for service of process in any suit, action or proceeding described in Section 18 and agrees that service of process in any such suit, action or proceeding may be made upon it at the office of such agent. The Company waives, to the fullest extent permitted by law, any other requirements of or objections to personal jurisdiction with respect thereto. The Company represents and warrants that such agent has agreed to act as the Company's agent for service of process, and the Company agrees to take any and all action, including the filing of any and all documents and instruments, that may be necessary to continue such appointment in full force and effect.

20. Judgment Currency. If for the purposes of obtaining judgment in any court it is necessary to convert a sum due hereunder into any currency other than United States dollars, the parties hereto agree, to the fullest extent permitted by law, that the rate of exchange used shall be the rate at which in accordance with normal banking procedures the Agent could purchase United States dollars with such other currency in The City of New York on the Business Day preceding that on which final judgment is given. The obligation of the Company with respect to any sum due from it to the Agent or any person controlling the Agent shall, notwithstanding any judgment in a currency other than United States dollars, not be discharged until the first Business Day following receipt by the Agent or any person controlling the Agent of any sum in such other currency, and only to the extent that the Agent or controlling person may in accordance with normal banking procedures purchase United States dollars with such other currency. If the United States dollars so purchased are less than the sum originally due to the Agent or controlling person hereunder, the Company agrees as a separate obligation and notwithstanding any such judgment, to indemnify the Agent or controlling person against such loss. If the United States dollars so purchased are greater than the sum originally due to the Agent or controlling person hereunder, the Agent or controlling person agrees to pay to the Company an amount equal to the excess of the dollars so purchased over the sum originally due to the Agent or controlling person hereunder.

21. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Delivery of an executed Agreement by one party to the other may be made by facsimile or electronic transmission.

22. Effect of Headings.

The section and exhibit headings herein are for convenience only and shall not affect the construction hereof. References herein to any law, statute, ordinance, code, regulation, rule or other requirement of any Governmental Authority shall be deemed to refer to such law, statute, ordinance, code, regulation, rule or other requirement of any Governmental Authority as amended, reenacted, supplemented or superseded in whole or in part and in effect from time to time and also to all rules and regulations promulgated thereunder.

23. Permitted Free Writing Prospectuses.

The Company represents, warrants and agrees that, unless it obtains the prior written consent of the Agent, and the Agent represents, warrants and agrees that, unless it obtains the prior written consent of the Company, it has not made and will not make any offer relating to the Placement Shares that would constitute an Issuer Free Writing Prospectus, or that would otherwise constitute a "free writing prospectus," as defined in Rule 405, required to be filed with the Commission. Any such free writing prospectus consented to by the Agent or by the Company, as the case may be, is hereinafter referred to as a "Permitted Free Writing Prospectus." The Company represents and warrants that it has treated and agrees that it will treat each Permitted Free Writing Prospectus as an "issuer free writing prospectus," as defined in Rule 433, and has complied and will comply with the requirements of Rule 433 applicable to any Permitted Free Writing Prospectus, including timely filing with the Commission where required, legending and record keeping. For the purposes of clarity, the parties hereto agree that all free writing prospectuses, if any, listed in Exhibit 23 hereto are Permitted Free Writing Prospectuses.

24. Absence of Fiduciary Relationship.

The Company acknowledges and agrees that:

(a) the Agent is acting solely as agent in connection with the public offering of the Placement Shares and in connection with each transaction contemplated by this Agreement and the process leading to such transactions, and no fiduciary or advisory relationship between the Company or any of its respective affiliates, shareholders (or other equity holders), creditors or employees or any other party, on the one hand, and the Agent, on the other hand, has been or will be created in respect of any of the transactions contemplated by this Agreement, irrespective of whether or not the Agent has advised or is advising the Company on other matters, and the Agent has no obligation to the Company with respect to the transactions contemplated by this Agreement except the obligations expressly set forth in this Agreement;

(b) it is capable of evaluating and understanding, and understands and accepts, the terms, risks and conditions of the transactions contemplated by this Agreement;

(c) neither the Agent nor any of its affiliates have provided any legal, accounting, regulatory or tax advice with respect to the transactions contemplated by this Agreement and it has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate;

(d) it is aware that the Agent and its affiliates are engaged in a broad range of transactions which may involve interests that differ from those of the Company and the Agent and its affiliates have no obligation to disclose such interests and transactions to the Company by virtue of any fiduciary, advisory or agency relationship or otherwise; and

(e) it waives, to the fullest extent permitted by law, any claims it may have against the Agent or its affiliates for breach of fiduciary duty or alleged breach of fiduciary duty in connection with the sale of Placement Shares under this Agreement and agrees that the Agent and its affiliates shall not have any liability (whether direct or indirect, in contract, tort or otherwise) to it in respect of such a fiduciary duty claim or to any person asserting a fiduciary duty claim on its behalf or in right of it or the Company, employees or creditors of Company, other than in respect of the Agent's obligations under this Agreement and to keep information provided by the Company to the Agent and the Agent's counsel confidential to the extent not otherwise publicly-available.

25. Definitions.

As used in this Agreement, the following terms have the respective meanings set forth below:

"**Applicable Time**" means (i) each Representation Date, (ii) the time of each sale of any Placement Shares pursuant to this Agreement and (iii) each Settlement Date.

"**Governmental Authority**" means (i) any federal, provincial, state, local, municipal, national or international government or governmental authority, regulatory or administrative agency, governmental commission, department, board, bureau, agency or instrumentality, court, tribunal, arbitrator or arbitral body (public or private); (ii) any self-regulatory organization; or (iii) any political subdivision of any of the foregoing.

"**Issuer Free Writing Prospectus**" means any "issuer free writing prospectus," as defined in Rule 433, relating to the Placement Shares that (1) is required to be filed with the Commission by the Company, (2) is a "road show" that is a "written communication" within the meaning of Rule 433(d)(8)(i) whether or not required to be filed with the Commission, or (3) is exempt from filing pursuant to Rule 433(d)(5)(i) because it contains a description of the Placement Shares or of the offering that does not reflect the final terms, in each case in the form filed or required to be filed with the Commission or, if not required to be filed, in the form retained in the Company's records pursuant to Rule 433(g) under the Securities Act Regulations.

"**Rule 164**," "**Rule 172**," "**Rule 405**," "**Rule 415**," "**Rule 424**," "**Rule 424(b)**," "**Rule 430B**," and "**Rule 433**" refer to such rules under the Securities Act Regulations.

All references in this Agreement to financial statements and schedules and other information that is "contained," "included" or "stated" in the Registration Statement or the Prospectus (and all other references of like import) shall be deemed to mean and include all such financial statements and schedules and other information that is incorporated by reference in the Registration Statement or the Prospectus, as the case may be.

All references in this Agreement to the Registration Statement, the Prospectus or any amendment or supplement to any of the foregoing shall be deemed to include the copy filed with the Commission pursuant to EDGAR; all references in this Agreement to any Issuer Free Writing Prospectus (other than any Issuer Free Writing Prospectuses that, pursuant to Rule 433, are not required to be filed with the Commission) shall be deemed to include the copy thereof filed with the Commission pursuant to EDGAR; and all references in this Agreement to "supplements" to the Prospectus shall include, without limitation, any supplements, "wrappers" or similar materials prepared in connection with any offering, sale or private placement of any Placement Shares by the Agent outside of the United States.

26. Supersedes Prior Agreement. (i) This Agreement supersedes all prior agreements entered into between the parties, including but not limited to the Original Agreement.

[***Signature Page Follows***]

If the foregoing correctly sets forth the understanding between the Company and the Agent, please so indicate in the space provided below for that purpose, whereupon this letter shall constitute a binding agreement between the Company and the Agent.

Very truly yours,

AVINO SILVER & GOLD MINES LTD.

By: */s/ David Wolfin*
Name: David Wolfin
Title: President and Chief Executive Officer

ACCEPTED as of the date first-above written:

CANTOR FITZGERALD & CO.

By: */s/ Mark Kaplan*
Name: Mark Kaplan
Title: Chief Operating Officer

EXHIBIT 4.21

UNDERWRITING AGREEMENT

6,239,867 SHARES OF COMMON SHARES AND

6,239,867 WARRANTS OF

AVINO SILVER & GOLD MINES LTD.

September 21, 2018

H.C. WAINWRIGHT & CO., LLC
As the Representative of the
Several underwriters, if any, named in Schedule I hereto
c/o H.C. Wainwright & Co., LLC
430 Park Avenue
New York, New York 10022

Ladies and Gentlemen:

The undersigned, Avino Silver & Gold Mines Ltd., a company amalgamated under the laws of the Province of British Columbia, Canada (the "Company"), hereby confirms its agreement (this "Agreement") with the several underwriters (such underwriters, including the Representative (as defined below), the "Underwriters" and each an "Underwriter") named in Schedule I hereto for which H.C. Wainwright & Co., LLC is acting as representative to the several Underwriters (the "Representative" and if there are no Underwriters other than the Representative, references to multiple Underwriters shall be disregarded and the term Representative as used herein shall have the same meaning as Underwriter) on the terms and conditions set forth herein.

It is understood that the several Underwriters are to make a public offering of the Public Securities as soon as the Representative deems it advisable to do so. The Public Securities are to be initially offered to the public outside of Canada at the initial public offering price set forth in the Prospectus. The Representative may from time to time thereafter change the public offering price and other selling terms.

It is further understood that you will act as the Representative for the Underwriters in the offering and sale of the Closing Securities and, if any, the Option Securities in accordance with this Agreement.

ARTICLE I.
DEFINITIONS

1.1 Definitions. In addition to the terms defined elsewhere in this Agreement, for all purposes of this Agreement, the following terms have the meanings set forth in this Section 1.1:

"Affiliate" means with respect to any Person, any other Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with such Person as such terms are used in and construed under Rule 405 under the Securities Act.

"Applicable Prospectus" shall have the meaning ascribed to such term in Section 3.1(n).

"Applicable Law" means any and all laws, including all federal, provincial, state and local statutes, codes, ordinances, guidelines, decrees, rules, regulations and municipal by- laws and all judicial, arbitral, administrative, ministerial, departmental or regulatory judgments, orders, directives, decisions, rulings or awards or other requirements of any Governmental Authority, binding on or affecting the person referred to in the context in which the term is used.

"BC 72-503" means British Columbia Instrument 72-503 *Distribution of Securities Outside of British Columbia*.

"BHCA" shall have the meaning ascribed to such term in Section 3.1(ggg).

"Board of Directors" means the board of directors of the Company.

"Business Day" means any day except any Saturday, any Sunday, any day which is a federal legal holiday in the United States or any day on which banking institutions in the State of New York are authorized or required by law or other governmental action to close.

"Canadian Securities Laws" means, collectively as applied and interpreted, the respective rules, regulations, blanket rulings, orders and notices made thereunder and the local, uniform, national and multilateral instruments and policies adopted by the Canadian Commissions in Canada applicable to the Company.

"Closing" means the closing of the purchase and sale of the Closing Securities pursuant to Section 2.1.

"Closing Date" means the hour and the date on the Trading Day on which all conditions precedent to (i) the Underwriters' obligations to pay the Closing Purchase Price and (ii) the Company's obligations to deliver the Closing Securities, in each case, have been satisfied or waived, but in no event later than 10:00 a.m. (New York City time) on the second (2^{nd}) Trading Day following the date hereof or at such earlier time as shall be agreed upon by the Representative and the Company.

"Closing Purchase Price" shall have the meaning ascribed to such term in Section 2.1(b), which aggregate purchase price shall be net of the underwriting discounts and commissions.

"Closing Securities" shall have the meaning ascribed to such term in Section 2.1(a)(ii).

"Closing Shares" shall have the meaning ascribed to such term in Section 2.1(a)(i).

"Closing Warrants" shall have the meaning ascribed to such term in Section 2.1(a)(ii).

"Code" shall have the meaning ascribed to such term in Section 3.1(rr).

"Combined Purchase Price" shall have the meaning ascribed to such term in Section 2.1(b).

"Commission" means the United States Securities and Exchange Commission.

"Common Shares" means the common shares of the Company, no par value per share, and any other class of securities into which such securities may hereafter be reclassified or changed.

"Common Share Equivalents" means any securities of the Company or the Subsidiaries which would entitle the holder thereof to acquire at any time Common Shares, including, without limitation, any debt, preferred stock, right, option, warrant or other instrument that is at any time convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, Common Shares.

"Company Auditor" means Manning Elliott LLP, with offices located at 1050 West Pender Street, 11 th Floor, Vancouver, British Columbia V6E 3S7 Canada.

"Company Counsel" means Lewis Brisbois Bisgaard & Smith LLP with offices located at 333 Bush Street, Suite 1100, San Francisco, California 94104 and Salley Bowes Harwardt Law Corporation with offices located at Suite 1750, 1185 West Georgia Street, Vancouver, British Columbia V6E 4E6.

"Controlling Person" shall have the meaning ascribed to such term in Section 6.1.

"Corporate Records" shall have the meaning ascribed to such term in Section 3.1(t).

"EDGAR" means the Commission's Electronic Data Gathering, Analysis and Retrieval system.

"Effective Date" shall have the meaning ascribed to such term in Section 3.1(a).

"EGS" means Ellenoff Grossman & Schole LLP, with offices located at 1345 Avenue of the Americas, New York, New York 10105.

"Entity" shall have the meaning ascribed to such term in Section 3.1(ccc).

"Environmental Laws" shall have the meaning ascribed to such term in Section 3.1(ww)(i).

"Environmental Permits" shall have the meaning ascribed to such term in Section 3.1(ww)(ii).

"Evaluation Date" shall have the meaning ascribed to such term in Section 3.1(v).

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Execution Date" shall mean the date on which the parties execute and enter into this Agreement.

"Exempt Issuance" means the issuance of (a) Common Shares or options to employees, officers or directors of the Company pursuant to any stock or option plan duly adopted for such purpose by a majority of the non-employee members of the Board of Directors or a majority of the members of a committee of non-employee directors established for such purpose, (b) securities upon the exercise or exchange of or conversion of any Securities issued hereunder and/or other securities exercisable or exchangeable for or convertible into Common Shares issued and outstanding on the date of this Agreement, provided that such securities have not been amended since the date of this Agreement to increase the number of such securities or to decrease the exercise price, exchange price or conversion price of such securities or to extend the term of such securities, and (c) securities issued pursuant to acquisitions or strategic transactions approved by a majority of the disinterested directors of the Company, provided that such securities are issued as "restricted securities" (as defined in Rule 144) and carry no registration rights that require or permit the filing of any registration statement in connection therewith within 90 days following the Closing Date, and provided that any such issuance shall only be to a Person (or to the equity holders of a Person) which is, itself or through its subsidiaries, an operating company or an owner of an asset in a business synergistic with the business of the Company and shall provide to the Company additional benefits in addition to the investment of funds, but shall not include a transaction in which the Company is issuing securities primarily for the purpose of raising capital or to an entity whose primary business is investing in securities.

"FCPA" means the Foreign Corrupt Practices Act of 1977, as amended.

"Federal Reserve" shall have the meaning ascribed to such term in Section 3.1(ggg).

"Financial Statements" shall have the meaning ascribed to such term in Section 3.1(p).

"FINRA" means the Financial Industry Regulatory Authority.

"GAAP" shall have the meaning ascribed to such term in Section 3.1(b).

"Governmental Authority" means (i) any federal, provincial, state, local, municipal, national or international government or governmental authority, regulatory or administrative agency, governmental commission, department, board, bureau, agency or instrumentality, court, tribunal, arbitrator or arbitral body (public or private); (ii) any self-regulatory organization; or (iii) any political subdivision of any of the foregoing.

"Hazardous Substances" shall have the meaning ascribed to such term in Section 3.1(ww)(i).

"IFRS" shall have the meaning ascribed to such term in Section 3.1(p).

"Liens" means a lien, charge, pledge, security interest, encumbrance, right of first refusal, preemptive right or other restriction.

"Lock-Up Agreements" means the lock-up agreements that are delivered on the date hereof by each of the Company's officers and directors, in the form of Exhibit E attached hereto.

"Material Adverse Effect" shall have the meaning ascribed to such term in Section 3.1(r).

"Material Properties" shall have the meaning ascribed to such term in Section 3.1(mm)(i).

"Material Subsidiaries" shall have the meaning ascribed to such term in Section 3(s).

"Member" shall have the meaning ascribed to such term in Section 3.1(ccc).

"Money Laundering Laws" shall have the meaning ascribed to such term in Section 3.1(bbb).

"Offering" shall have the meaning ascribed to such term in Section 2.1(c).

"Option Closing Date" shall have the meaning ascribed to such term in Section 2.2(c).

"Option Closing Purchase Price" shall have the meaning ascribed to such term in Section 2.2(b), which aggregate purchase price shall be net of the underwriting discounts and commissions.

"Option Securities" shall have the meaning ascribed to such term in Section 2.2(a).

"Option Shares" shall have the meaning ascribed to such term in Section 2.2(a).

"Option Warrants" shall have the meaning ascribed to such term in Section 2.2(a).

"Over-Allotment Option" shall have the meaning ascribed to such term in Section 2.2(a).

"Permitted Free Writing Prospectus" shall have the meaning ascribed to such term in Section 4.2(d).

"Permits" shall have the meaning ascribed to such term in Section 3.1(mm)(iii).

"Person" shall have the meaning ascribed to such term in Section 3.1(z).

"PFIC" shall have the meaning ascribed to such term in Section 3.1(eee).

"Preliminary Prospectus" means, if any, any preliminary prospectus relating to the Public Securities included in the Registration Statement or filed with the Commission pursuant to Rule 424(b).

"Proceeding" means an action, claim, suit, investigation or proceeding (including, without limitation, an informal investigation or partial proceeding, such as a deposition), whether commenced or threatened.

"Project Rights" shall have the meaning ascribed to such term in Section 3.1(mm)(ii).

"Prospectus" means the final prospectus filed for the Registration Statement.

"Prospectus Supplement" means, if any, any supplement to the Prospectus complying with Rule 424(b) of the Securities Act that is filed with the Commission.

"Public Securities" means, collectively, the Closing Securities and, if any, the Option Securities.

"Registration Statement" means, collectively, the various parts of the registration statement prepared by the Company on Form F-3 (File No. 333-226963) with respect to the Public Securities, each as amended as of the date hereof, including the Prospectus and Prospectus Supplement, if any, the Preliminary Prospectus, if any, and all exhibits filed with or incorporated by reference into such registration statement.

"Regulation M" shall have the meaning ascribed to such term in Section 3.1(tt).

"Reports" shall have the meaning ascribed to such term in Section 3.1(mm)(vii).

"Rule 424" means Rule 424 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended or interpreted from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same purpose and effect as such Rule.

"Sanctions" shall have the meaning ascribed to such term in Section 3.1(ccc).

"SEC Reports" shall have the meaning ascribed to such term in Section 3.1(b).

"Securities" means the Closing Securities, the Option Securities and the Warrant Shares.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Share Purchase Price" shall have the meaning ascribed to such term in Section 2.1(b).

"Shares" means, collectively, the Common Shares delivered to the Underwriters in accordance with Section 2.1(a)(i) and Section 2.2(a).

"Subsidiary" means any subsidiary of the Company and shall, where applicable, also include any direct or indirect subsidiary of the Company formed or acquired after the date hereof.

"Time of Sale Prospectus" means the U.S. Prospectus together with the information and the free writing prospectuses, if any, and each "road show" (as defined in Rule 433 under the Securities Act), if any, related to the offering of the Securities contemplated hereby that is a "written communication" (as defined in Rule 405 under the Securities Act).

"Title and Corporate Opinions" shall have the meaning ascribed to such term in Section 3.1(mm)(x).

"Trading Day" means a day on which the principal Trading Market is open for trading.

"Trading Markets" means any of the following markets or exchanges on which the Common Shares are listed or quoted for trading on the date in question: the NYSE American and Toronto Stock Exchange or, if applicable, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market or the New York Stock Exchange (or any successors to any of the foregoing).

"Transaction Documents" means this Agreement, the Warrants, the Lock-Up Agreements, and any other documents or agreements executed in connection with the transactions contemplated hereunder.

"Transfer Agent" means Computershare, with offices located at 510 Burrard St, 3rd Floor, Vancouver British Columbia, V6C 3B9and any successor transfer agent of the Company.

"U.S. Securities Laws" means all applicable securities laws in the United States, including without limitation, the Securities Act, the Exchange Act and the rules and regulations promulgated thereunder, and any applicable state securities laws.

"Variable Rate Transaction" shall have the meaning ascribed to such term in Section 4.20(b).

"Warrant Certificates" shall have the meaning ascribed to such term in Section 3.1(j).

"Warrant Purchase Price" shall have the meaning ascribed to such term in Section 2.1(b).

"Warrant Shares" means the Common Shares issuable upon exercise of the Warrants.

"Warrants" means, collectively, the Common Share purchase warrants delivered to the Underwriters in accordance with Section 2.1(a)(ii) and Section 2.2, which Warrants shall be exercisable immediately and have a term of exercise equal to five (5) years, in the form of Exhibit D attached hereto.

ARTICLE II.
PURCHASE AND SALE

2.1 Closing.

(a) Upon the terms and subject to the conditions set forth herein, the Company agrees to sell in the aggregate 6,239,867 Common Shares and 6,239,867 Warrants, and each Underwriter agrees to purchase, severally and not jointly, at the Closing, the following securities of the Company:

(i) the number of Common Shares (the "Closing Shares") set forth opposite the name of such Underwriter on Schedule I hereof; and

(ii) Warrants to purchase up to the number of Common Shares set forth opposite the name of such Underwriter on Schedule I hereof (the "Closing Warrants" and, collectively with the Closing Shares, the "Closing Securities"), which Warrants shall have an exercise price of $0.80, subject to adjustment as provided therein.

(b) The aggregate purchase price for the Closing Securities shall equal the amount set forth opposite the name of such Underwriter on Schedule I hereto (the "Closing Purchase Price"). The combined purchase price for one Share and a Warrant to purchase one Warrant Share shall be $0.6045 (the "Combined Purchase Price") which shall be allocated as $0.5952 per Share (the "Share Purchase Price") and $0.0093 per Warrant (the "Warrant Purchase Price"); and

(c) On the Closing Date, each Underwriter shall deliver or cause to be delivered to the Company, via wire transfer, immediately available funds equal to such Underwriter's Closing Purchase Price and the Company shall deliver to, or as directed by, such Underwriter its respective Closing Securities and the Company shall deliver the other items required pursuant to Section 2.3 deliverable at the Closing. Upon satisfaction of the covenants and conditions set forth in Sections 2.3 and 2.4, the Closing shall occur at the offices of EGS or such other location as the Company and Representative shall mutually agree. The Public Securities are to be offered initially to the public at the offering price set forth on the cover page of the Prospectus Supplement (the "Offering").

2.2 Over-Allotment Option.

(a) For the purposes of covering any over-allotments in connection with the distribution and sale of the Closing Securities, the Representative is hereby granted an option (the "Over-Allotment Option") to purchase, in the aggregate, up to 935,979 Common Shares (the "Option Shares") and Warrants to purchase up to 935,979 Common Shares (the "Option Warrants" and, collectively with the Option Shares, the "Option Securities") which may be purchased in any combination of Option Shares and/or Option Warrants at the Share Purchase Price and/or Warrant Purchase Price, respectively.

(b) In connection with an exercise of the Over-Allotment Option, (i) the purchase price to be paid for the Option Shares is equal to the product of the Share Purchase Price multiplied by the number of Option Shares to be purchased and (ii) the purchase price to be paid for the Option Warrants is equal to the product of the Warrant Purchase Price multiplied by the number of Option Warrants (the aggregate purchase price to be paid on an Option Closing Date, the "Option Closing Purchase Price").

(c) The Over-Allotment Option granted pursuant to this Section 2.2 may be exercised by the Representative as to all (at any time) or any part (from time to time) of the Option Securities within 45 days after the Execution Date. An Underwriter will not be under any obligation to purchase any Option Securities prior to the exercise of the Over-Allotment Option by the Representative. The Over-Allotment Option granted hereby may be exercised by the giving of oral notice to the Company from the Representative, which must be confirmed in writing by overnight mail or facsimile or other electronic transmission setting forth the number of Option Shares and/or Option Warrants to be purchased and the date and time for delivery of and payment for the Option Securities (each, an "Option Closing Date"), which will not be later than two (2) full Business Days after the date of the notice or such other time as shall be agreed upon by the Company and the Representative, at the offices of EGS or at such other place (including remotely by facsimile or other electronic transmission) as shall be agreed upon by the Company and the Representative. If such delivery and payment for the Option Securities does not occur on the Closing Date, each Option Closing Date will be as set forth in the notice. Upon exercise of the Over-Allotment Option, the Company will become obligated to convey to the Underwriters, and, subject to the terms and conditions set forth herein, the Underwriters will become obligated to purchase, the number of Option Shares and/or Option Warrants specified in such notice. The Representative may cancel the Over-Allotment Option at any time prior to the expiration of the Over-Allotment Option by written notice to the Company.

2.3 Deliveries. The Company shall deliver or cause to be delivered to each Underwriter (if applicable) the following:

(i) At the Closing Date, the Closing Shares and, as to each Option Closing Date, if any, the applicable Option Shares, which shares shall be delivered via The Depository Trust Company Deposit or Withdrawal at Custodian system for the accounts of the several Underwriters;

(ii) At the Closing Date, the Closing Warrants and, as to each Option Closing Date, if any, the applicable Option Warrants in certificated form registered in the name or names and in such authorized denominations as the applicable Underwriter may request in writing at least two Business Day prior to the Closing Date and, if any, each Option Closing Date;

(iii) The conditional acceptance of the Toronto Stock Exchange to the terms of the Offering;

(iv) At the Closing Date, a legal opinion of Company Counsel addressed to the Underwriters, including, without limitation, a negative assurance letter, substantially in the form of Exhibit A attached hereto and as to the Closing Date and as to each Option Closing Date, if any, a bring-down opinion from Company Counsel in form and substance reasonably satisfactory to the Representative, including, without limitation, a negative assurance letter, addressed to the Underwriters and in form and substance satisfactory to the Representative;

(v) Contemporaneously herewith, a cold comfort letter, addressed to the Underwriters and in form and substance satisfactory in all respects to the Representative from the Company Auditor dated, respectively, as of the date of this Agreement and a bring-down letter dated as of the Closing Date and each Option Closing Date, if any;

(vi) On the Closing Date and on each Option Closing Date, the duly executed and delivered Officer's Certificate, substantially in the form required by Exhibit B attached hereto;

(vii) On the Closing Date and on each Option Closing Date, the duly executed and delivered Secretary's Certificate, substantially in the form required by Exhibit C attached hereto; and

(viii) Contemporaneously herewith, the duly executed and delivered Lock-Up Agreements.

2.4 Closing Conditions. The respective obligations of each Underwriter hereunder in connection with the Closing and each Option Closing Date are subject to the following conditions being met:

(i) the accuracy in all material respects when made and on the date in question (other than representations and warranties of the Company already qualified by materiality, which shall be true and correct in all respects) of the representations and warranties of the Company contained herein (unless as of a specific date therein);

(ii) all obligations, covenants and agreements of the Company required to be performed at or prior to the date in question shall have been performed;

(iii) the delivery by the Company of the items set forth in Section 2.3 of this Agreement;

(iv) the Registration Statement shall be effective on the date of this Agreement and at each of the Closing Date and each Option Closing Date, if any, no stop order suspending the effectiveness of the Registration Statement shall have been issued and no proceedings for that purpose shall have been instituted or shall be pending or contemplated by the Commission and any request on the part of the Commission for additional information shall have been complied with to the reasonable satisfaction of the Representative;

(v) by the Execution Date, if required by FINRA, the Underwriters shall have received clearance from FINRA as to the amount of compensation allowable or payable to the Underwriters as described in the Registration Statement;

(vi) the Closing Shares, the Option Shares and the Warrant Shares shall have been approved for listing on the Trading Markets; and

(vii) prior to and on each of the Closing Date and each Option Closing Date, if any: (i) there shall have been no material adverse change or development involving a prospective material adverse change in the condition or prospects or the business activities, financial or otherwise, of the Company from the latest dates as of which such condition is set forth in the Registration Statement and Prospectus; (ii) no action suit or proceeding, at law or in equity, shall have been pending or threatened against the Company or any Affiliate of the Company before or by any court or federal or state commission, board or other administrative agency wherein an unfavorable decision, ruling or finding may materially adversely affect the business, operations, prospects or financial condition or income of the Company, except as set forth in the Registration Statement and Prospectus; (iii) no stop order shall have been issued under the Securities Act and no proceedings therefor shall have been initiated or threatened by the Commission; and (iv) the Registration Statement and the Prospectus and any amendments or supplements thereto shall contain all material statements which are required to be stated therein in accordance with the Securities Act and the rules and regulations thereunder and shall conform in all material respects to the requirements of the Securities Act and the rules and regulations thereunder, and neither the Registration Statement nor the Prospectus nor any amendment or supplement thereto shall contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

ARTICLE III.
REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Company. The Company represents and warrants to the Underwriters as of the Execution Date, as of the Closing Date and as of each Option Closing Date, if any, as follows:

(a) Registration Statement. The Company was a "foreign private issuer" (as defined in Rule 405 under the Securities Act) when the Registration Statement was filed, and is eligible to use Form F-3 under the Securities Act to register the offering of the Public Securities under the Securities Act. The Company has filed with the Commission the Registration Statement under the Securities Act, which became effective on September 5, 2018 (the "Effective Date"), for the registration under the Securities Act of the Securities. At the time of such filing, the Company met the requirements of Form F-3 under the Securities Act. The Registration Statement meets the requirements set forth in Rule 415(a)(1)(x) under the Securities Act and complies with said Rule and the Prospectus Supplement will meet the requirements set forth in Rule 424(b). Any reference in this Agreement to the Registration Statement, the Prospectus or the Prospectus Supplement shall be deemed to refer to and include the documents incorporated by reference therein pursuant to Item 6 of Form F-3 which were filed under the Exchange Act, on or before the date of this Agreement, or the issue date of the Prospectus or the Prospectus Supplement, as the case may be; and any reference in this Agreement to the terms "amend," "amendment" or "supplement" with respect to the Registration Statement, the Prospectus or the Prospectus Supplement shall be deemed to refer to and include the filing of any document under the Exchange Act after the date of this Agreement, or the issue date of the Prospectus or the Prospectus Supplement, as the case may be, deemed to be incorporated therein by reference. All references in this Agreement to financial statements and schedules and other information which is "contained," "included," "described," "referenced," "set forth" or "stated" in the Registration Statement, the Prospectus or the Prospectus Supplement (and all other references of like import) shall be deemed to mean and include all such financial statements and schedules and other information which is or is deemed to be incorporated by reference in the Registration Statement, the Prospectus or the Prospectus Supplement, as the case may be. No stop order suspending the effectiveness of the Registration Statement or the use of the Prospectus or the Prospectus Supplement has been issued, and no proceeding for any such purpose is pending or has been initiated or, to the Company's knowledge, is threatened by the Commission. For purposes of this Agreement, " free writing prospectus" has the meaning set forth in Rule 405 under the Securities Act. The Company will not, without the prior notice of the Representative, prepare, use or refer to, any free writing prospectus.

(b) SEC Reports; Financial Statements. The Company has filed all reports, schedules, forms, statements and other documents required to be filed by the Company under the Securities Act and the Exchange Act, including pursuant to Section 13(a) or 15(d) thereof, for the two years preceding the date hereof (or such shorter period as the Company was required by law or regulation to file such material) (the foregoing materials, including the exhibits thereto and documents incorporated by reference therein, together with the Prospectus and the Prospectus Supplement, being collectively referred to herein as the "SEC Reports") on a timely basis or has received a valid extension of such time of filing and has filed any such SEC Reports prior to the expiration of any such extension. As of their respective dates, the SEC Reports complied in all material respects with the requirements of the Securities Act and the Exchange Act, as applicable, and none of the SEC Reports, when filed, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(c) Listing and Maintenance Requirements. The Common Shares are registered pursuant to Section 12(b) of the Exchange Act, and the Company has taken no action designed to, or which to its knowledge is likely to have the effect of, terminating the registration of the Common Shares under the Exchange Act nor has the Company received any notification that the Commission is contemplating terminating such registration. The Company has not, in the 12 months preceding the date hereof, received notice from any Trading Market on which the Common Shares are or have been listed or quoted to the effect that the Company is not in compliance with the listing or maintenance requirements of such Trading Market. The Company is, and has no reason to believe that it will not in the foreseeable future continue to be, in compliance with all such listing and maintenance requirements. The Common Shares are currently eligible for electronic transfer through the Depository Trust Company or another established clearing corporation and the Company is current in payment of the fees of the Depository Trust Company (or such other established clearing corporation) in connection with such electronic transfer.

(d) Disclosure; 10b-5. The Registration Statement (and any further documents to be filed with the Commission) contains all exhibits and schedules as required by the Securities Act. Each of the Registration Statement and any post-effective amendment thereto, if any, at the time it became effective, complied in all material respects with the Securities Act and the Exchange Act and the applicable rules and regulations under the Securities Act and did not and, as amended or supplemented, if applicable, will not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading. The Prospectus and the Prospectus Supplement, each as of its respective date, comply in all material respects with the Securities Act and the Exchange Act and the applicable rules and regulations. Each of the Prospectus and the Prospectus Supplement, as amended or supplemented, did not and will not contain as of the date thereof any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The SEC Reports, when they were filed with the Commission, conformed in all material respects to the requirements of the Exchange Act and the applicable rules and regulations, and none of such documents, when they were filed with the Commission, contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein (with respect to the SEC Reports incorporated by reference in the Prospectus or Prospectus Supplement), in light of the circumstances under which they were made not misleading; and any further documents so filed and incorporated by reference in the Prospectus or Prospectus Supplement, when such documents are filed with the Commission, will conform in all material respects to the requirements of the Exchange Act and the applicable rules and regulations, as applicable, and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made not misleading. No post-effective amendment to the Registration Statement reflecting any facts or events arising after the date thereof which represent, individually or in the aggregate, a fundamental change in the information set forth therein is required to be filed with the Commission. There are no documents required to be filed with the Commission in connection with the transaction contemplated hereby that (x) have not been filed as required pursuant to the Securities Act or (y) will not be filed within the requisite time period. There are no contracts or other documents required to be described in the Prospectus or Prospectus Supplement, or to be filed as exhibits or schedules to the Registration Statement, which have not been described or filed as required. The press releases disseminated by the Company during the twelve months preceding the date of this Agreement taken as a whole do not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made and when made, not misleading. The Company was not and is not an "ineligible issuer" as defined in Rule 405 under the Securities Act at the times specified in Rules 164 and 433 under the Securities Act in connection with the offering of the Securities.

(e) Compliance with Canadian Laws and Regulations The Company is a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, New Brunswick, Prince Edward Island, and Newfoundland & Labrador, and to the knowledge of the Company is in good standing under Canadian Securities Laws, is not in default in any material respect of any requirement of Canadian Securities Laws and is not included in a list of defaulting reporting issuers maintained by the applicable securities regulators in Canada. In particular, without limiting the foregoing, to the knowledge of the Company, the Company is in compliance at the date hereof with its obligations to make timely disclosure of all material changes to its business. The Company will rely upon section 4 of BCI 72-503 for the available exemption from registration and prospectus requirements in Canada in connection with the Offering of the Public Securities. To its knowledge, the Company is not a "related issuer" or "connected issuer" (as those terms are defined in National Instrument 33-105 - *Underwriting Conflicts* of the Canadian Securities Administrators) of any of the Underwriters.

(f) No Conflicts. Neither the execution of this Agreement, nor the issuance, offering or sale of the Public Securities, nor the consummation of any of the transactions contemplated herein and therein, nor the compliance by the Company with the terms and provisions hereof and thereof will conflict with, or will result in a breach of, any of the terms and provisions of, or has constituted or will constitute a default under, or has resulted in or will result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company pursuant to the terms of any agreements, contracts, arrangements or understandings (written or oral) to which the Company may be bound or to which any of the property or assets of the Company is subject, except (i) such conflicts, breaches or defaults as may have been waived, and (ii) such conflicts, breaches and defaults that would not reasonably be expected to have a Material Adverse Effect (as defined below); nor will such action result (x) in any violation of the provisions of the organizational or governing documents of the Company, or (y) in any violation of the provisions of any statute or any order, rule or regulation applicable to the Company or of any Governmental Authority having jurisdiction over the Company, except such violations that would not reasonably be expected to have a Material Adverse Effect, either individually or in the aggregate.

(g) Reports and Documents, etc. There are no reports or information of the Company or, to the knowledge of the Company, of any third party, that in accordance with the requirements of the Canadian Securities Laws or U.S. Securities Laws must be made publicly available in connection with the offering of the Public Securities that have not been made publicly available as required. There are no documents of the Company or, to the knowledge of the Company, of any third party, required to be filed in Canada or with the Commission in the United States in connection with the Time of Sale Prospectus and the U.S. Prospectus that have not been filed as required pursuant to the Canadian Securities Laws or U.S. Securities Laws, as applicable. There are no agreements, contracts, arrangements or understandings (written or oral) or other documents of the Company or, to the knowledge of the Company, of any third party, required to be described in the Time of Sale Prospectus and the U.S. Prospectus which have not been described or filed as required pursuant to the Canadian Securities Laws or U.S. Securities Laws, as applicable.

(h) Offering Materials Furnished to Underwriters. The Company has delivered or will deliver on the First Closing Date to the Representative (or with respect to the registration statement on Form F-3 and each amendment thereto, the Time of Sale Prospectus, the U.S. Prospectus, as amended or supplemented, and any free writing prospectus, made available on EDGAR) one complete manually signed copy of the registration statement on Form F-3, each amendment thereto and each consent and certificate of experts filed as a part thereof, and conformed copies (to the extent such documents contain signatures) of the registration statement on Form F-3 and each amendment thereto, the Preliminary Prospectuses, the Time of Sale Prospectus and the U.S. Prospectus, as amended or supplemented, and any free writing prospectus reviewed and consented to by the Representative, in such quantities and at such places as the Representative have reasonably requested for each of the Underwriters.

(i) Warrants. The Warrants will, as at the applicable closing, have been duly and validly created and the Warrant Shares have been authorized and allotted for issuance and upon the payment therefor and the issue thereof upon exercise of the Warrants in accordance with the terms thereunder, the Warrant Shares will be validly issued as fully paid and non-assessable Common Shares.

(j) Corporate Action. All necessary corporate action has been taken by the Company to authorize the issuance, sale and delivery of the Closing Shares, the Closing Warrants, the Warrant Shares, the Option Shares, the Option Warrants and the Option Warrant Shares, on the terms set forth in this Agreement, and each certificate representing the Warrants and the Option Warrants (the "Warrant Certificates") will be, a valid and binding obligation of the Company enforceable against the Company in accordance with its terms, subject to bankruptcy, insolvency, moratorium or similar laws affecting creditors' rights generally and, except as limited by the application of equitable remedies, which may be granted in the discretion of a court of competent jurisdiction, and that enforcement of the rights to indemnity and contribution set out in this Agreement may be limited by Applicable Law.

(k) Distribution of Offering Material by the Company. The Company has not distributed and will not distribute, prior to the completion of the Underwriters' distribution of the Public Securities, any offering material in connection with the offering and sale of the Public Securities other than the Preliminary Prospectuses, the Time of Sale Prospectus, the U.S. Prospectus, and any free writing prospectus reviewed and consented to by the Representative on behalf of the Underwriters, or the Registration Statement.

(l) Authorization; Enforceability. The Company has full corporate right, power and authority to enter into this Agreement and perform the transactions contemplated hereby. This Agreement has been duly authorized, executed and delivered by the Company and is a legal, valid and binding agreement of the Company enforceable in accordance with its terms, except to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general equitable principles.

(m) No Material Adverse Effect. Subsequent to the respective dates as of which information is given in the Registration Statement or included or incorporated by reference in the Preliminary Prospectuses, the Time of Sale Prospectus and the Prospectuses, if any (including any document deemed incorporated by reference therein), there has not been (i) any Material Adverse Effect, (ii) any transaction which is material to the Company and the Material Subsidiaries taken as a whole, (iii) any obligation or liability, direct or contingent (including any off-balance sheet obligations), incurred by the Company or any Material Subsidiary, which is material to the Company and the Material Subsidiaries taken as a whole, (iv) any material change in the capital stock or outstanding long-term indebtedness of the Company or any of the Material Subsidiaries or (v) any dividend or distribution of any kind declared, paid or made on the capital stock of the Company or any Material Subsidiary, other than in each case above in the ordinary course of business or as otherwise disclosed in the Registration Statement or included or incorporated by reference in the Preliminary Prospectuses, the Time of Sale Prospectus and the Prospectuses.

(n) Independent Accountants. Manning Elliott LLP, who have delivered their report with respect to the audited Financial Statements (as defined below and which term as used in this Agreement includes the related notes thereto) filed with the Commission as a part of the Registration Statement and included in the Preliminary Prospectuses, the Time of Sale Prospectus and the U.S. Prospectus (each, an "Applicable Prospectus" and collectively, the "Applicable Prospectuses"), are independent public, certified public or chartered professional accountants as required by the Securities Act, the Exchange Act and applicable Canadian Securities Laws. There has not been any "reportable event" (as that term is defined in National Instrument 51-102 Continuous Disclosure Obligations of the Canadian Securities Administrators) with Manning Elliott LLP or any other prior auditor of the Company or any of its Material Subsidiaries. To the Company's knowledge, after due and careful inquiry, Manning Elliott LLP is not in violation of the auditor independence requirements of the Sarbanes-Oxley Act of 2002.

(o) Enforceability of Agreements. All agreements between the Company and third parties expressly referenced in the Registration Statement or included or incorporated by reference in the Preliminary Prospectuses, the Time of Sale Prospectus and the Prospectuses are legal, valid and binding obligations of the Company enforceable in accordance with their respective terms, except to the extent that (i) enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general equitable principles, and (ii) the indemnification provisions of certain agreements may be limited by Applicable Law or public policy considerations in respect thereof, and except for any other potentially unenforceable term that, individually or in the aggregate, would not reasonably be expected to be material to the Company.

(p) Financial Information. The consolidated financial statements of the Company filed with the Commission as a part of the Registration Statement or included or incorporated by reference in the Preliminary Prospectuses, the Time of Sale Prospectus and the Prospectuses, together with the related notes and schedules (the "Financial Statements"), present fairly, in all material respects, the consolidated financial position of the Company and the Material Subsidiaries as of the dates indicated and the consolidated statements of comprehensive income, shareholders' equity and cash flows of the Company for the periods specified. Such Financial Statements conform in all material respects with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"), applied on a consistent basis during the periods involved. The other financial and statistical data with respect to the Company and the Material Subsidiaries contained or incorporated by reference in the Registration Statement or included or incorporated by reference in the Preliminary Prospectuses, the Time of Sale Prospectus and the Prospectuses, are accurately and fairly presented in all material respects and prepared on a basis consistent with the financial statements and books and records of the Company; there are no financial statements (historical or pro forma) that are required to be included or incorporated by reference in the Registration Statement or included or incorporated by reference in the Preliminary Prospectuses, the Time of Sale Prospectus and the Prospectuses that are not included or incorporated by reference as required; the Company and the Material Subsidiaries do not have any material liabilities or obligations, direct or contingent (including any off-balance sheet obligations), not described in the Registration Statement or included or incorporated by reference in the Preliminary Prospectuses, the Time of Sale Prospectus and the Prospectuses and all disclosures contained or incorporated by reference therein; and no other financial statements are required to be set forth or to be incorporated by reference in the Registration Statement or included or incorporated by reference in the Preliminary Prospectuses, the Time of Sale Prospectus and the Prospectuses.

(q) Statistical, Industry-Related and Market-Related Data. The statistical, industry-related and market-related data included in the Registration Statement or included or incorporated by reference in the Preliminary Prospectuses, the Time of Sale Prospectus and the Prospectuses, are based on or derived from sources that the Company reasonably believes are reliable and accurate.

(r) Organization. The Company and each of its Material Subsidiaries are, and will be, duly organized, validly existing as a corporation and in good standing (where such concept is recognized) under the laws of their respective jurisdictions of organization. The Company and each of the Material Subsidiaries are, and will be, duly licensed or qualified as a foreign corporation for transaction of business and in good standing under the laws of each other jurisdiction in which their respective ownership or lease of property or the conduct of their respective businesses requires such license or qualification, and have all corporate power and authority necessary to own or hold their respective properties and to conduct their respective businesses as described in the Registration Statement or included or incorporated by reference in the Preliminary Prospectuses, the Time of Sale Prospectus and the Prospectuses, except where the failure to be so qualified or in good standing or have such power or authority would not, individually or in the aggregate, have a material adverse effect or would reasonably be expected to have a material adverse effect on or affecting the assets, business, operations, earnings, properties, condition (financial or otherwise), shareholders' equity or results of operations of the Company and the Material Subsidiaries taken as a whole, or prevent or materially interfere with consummation of the transactions contemplated hereby (a "Material Adverse Effect").

(s) Subsidiaries. The subsidiaries of the Company listed in Schedule "A" (individually a "Material Subsidiary" and collectively, the "Material Subsidiaries"), include all of the Company's significant subsidiaries (as such term is defined in Rule 1-02 of Regulation S-X promulgated by the Commission). Except as set forth in the Registration Statement or included or incorporated by reference in the Preliminary Prospectuses, the Time of Sale Prospectus, the Prospectuses, and with the exception that a portion of the share capital of each of the Company's Mexican subsidiaries is held by a nominee for the benefit of the Company in order to comply with the laws of Mexico, the Company owns, directly or indirectly, all of the equity interests of the Material Subsidiaries free and clear of any lien, charge, security interest, encumbrance, right of first refusal or other restriction, and all the equity interests of the Material Subsidiaries are validly issued and are fully paid, non-assessable and free of preemptive and similar rights.

(t) Minute Books. Since January 1, 2017, all existing minute books of the Company and each of the Material Subsidiaries, including all existing records of all meetings and actions of the board of directors (including, the Audit, Compensation and Governance and Nominating Committees and other board committees) and securityholders of the Company (collectively, the "Corporate Records") have been made available to the Underwriters and their counsel, and all such Corporate Records are complete in all material respects (except in respect of minutes for Board and Committee meetings since January 1, 2018 that are not yet available in draft form or otherwise, in which case agendas and handwritten notes of the business conducted at such meetings have been made available for review by the Underwriters). There are no transactions, agreements or other actions of the Company or any of the Material Subsidiaries that are required to be recorded in the Corporate Records that are not properly approved and/or recorded in the Corporate Records. All required filings have been made with the appropriate Governmental Authorities in the Province of British Columbia in a timely fashion under the *Business Corporations Act* (British Columbia), except for such filings where the failure to file would not have a Material Adverse Effect, either individually or in the aggregate.

(u) No Violation or Default. Neither the Company nor any of the Material Subsidiaries is (i) in violation of its articles or similar organizational documents; (ii) except as are disclosed in the Registration Statement or included or incorporated by reference in the Preliminary Prospectuses, the Time of Sale Prospectus and the Prospectuses, in violation or default, and no event has occurred that, with notice or lapse of time or both, would constitute such a violation or default, in the due performance or observance of any term, covenant or condition contained in any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company or any of the Material Subsidiaries is a party or by which the Company or any of the Material Subsidiaries is bound or to which any of the property or assets of the Company or any of the Material Subsidiaries are subject; or (iii) except as disclosed in the Registration Statement or included or incorporated by reference in the Preliminary Prospectuses, the Time of Sale Prospectus and the Prospectuses, in violation of any Applicable Law, except in the case of each of clauses (ii) and (iii) above, for any such violation or default that would not, individually or in the aggregate, have a Material Adverse Effect. To the Company's knowledge, no other party under any material agreements, contracts, arrangements or understandings (written or oral) to which it or any of the Material Subsidiaries is a party is in violation or default in any respect thereunder where such violation or default would have a Material Adverse Effect.

(v) Disclosure Controls. The Company and each of the Material Subsidiaries (other than Material Subsidiaries acquired not more than 365 days prior to the Evaluation Date, as defined below) maintain systems of internal accounting controls applicable under IFRS in applicable periods, or sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with IFRS and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. Except as disclosed in the Company's Form 20-F, the Company's internal control over financial reporting is effective and the Company is not aware of any material weaknesses in its internal control over financial reporting. Since the date of the latest audited financial statements of the Company included or incorporated by reference in the Registration Statement or included or incorporated by reference in the Preliminary Prospectuses, the Time of Sale Prospectus and the Prospectuses, there has been no change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting. The Company has established disclosure controls and procedures (as defined in Exchange Act Rules 13a-15 and 15d-15) for the Company and designed such disclosure controls and procedures to ensure that material information relating to the Company and each of the Material Subsidiaries is made known to the certifying officers by others within those entities, particularly during the period in which the Company's Annual Report on Form 20-F, or if applicable on Form 10-K, is being prepared or during the period in which financial statements will be filed or furnished with the Commission on Form 6-K. The Company's certifying officers have evaluated the effectiveness of the Company's controls and procedures as of a date within 90 days prior to the filing date of the Form 20-F, for the fiscal year most ended December 31, 2017 (such date, the **"**Evaluation Date"). Since the Evaluation Date, the Company has taken steps to minimize the material weaknesses noted in the Form 20-Finternal controls (as such term is defined in Item 307(b) of Regulation S-K under the Securities Act) or, to the Company's knowledge, in other factors that could significantly affect the Company's internal controls, except that the Company has limited the scope of its disclosure controls and procedures and internal control over financial reporting for its quarter ended June 30, 2018 to exclude controls, policies and procedures of a business that the Company acquired not more than 365 days before the last day of the period covered by the interim filing.

(w) Capitalization**.** The issued and outstanding common shares of the Company have been validly issued, are fully paid and non-assessable and are not subject to any preemptive rights, rights of first refusal or similar rights. The Company has an authorized, issued and outstanding capitalization as set forth in the Registration Statement or included or incorporated by reference in the Preliminary Prospectuses, the Time of Sale Prospectus and the Prospectuses as of the dates referred to therein (other than the grant of additional options under the Company's existing stock option plans, or changes in the number of outstanding Common Shares of the Company due to the issuance of shares upon the exercise or conversion of securities exercisable for, or convertible into, Common Shares outstanding on the date hereof) and such authorized capital stock conforms in all material respects to the description thereof set forth in the Registration Statement or included or incorporated by reference in the Preliminary Prospectuses, the Time of Sale Prospectus and the Prospectuses. The description of the securities of the Company in the Registration Statement or included or incorporated by reference in the Preliminary Prospectuses, the Time of Sale Prospectus and the Prospectuses is complete and accurate in all material respects. Except as disclosed in or contemplated by the Registration Statement or included or incorporated by reference in the Preliminary Prospectuses, the Time of Sale Prospectus and the Prospectuses, as of the date referred to therein, the Company does not have outstanding any options to purchase, or any rights or warrants to subscribe for, or any securities or obligations convertible into, or exchangeable for, or any contracts or commitments to issue or sell, any Common Shares or other securities.

(x) No Applicable Registration or Other Similar Rights**.** There are no persons with registration or other similar rights to have any equity or debt securities registered or qualified for sale under the Registration Statement or included in the offering contemplated by this Agreement who have not waived such rights in writing (including electronically) prior to the execution of this Agreement.

(y) No Consents Required**.** No consent, approval, authorization, order, registration or qualification of or with Governmental Authority is required for the execution, delivery and performance by the Company of this Agreement, the issuance and sale by the Company of the Public Securities, except for (i) the qualification of the Public Securities for distribution in the United States and in Canada by the filing with the British Columbia Securities Commission of the documents referred to in section 4 of BC 72-503; (ii) such consents, approvals, authorizations, orders and registrations or qualifications as may be required under applicable U.S. federal and state securities laws or by the bylaws and rules of FINRA or the Commission in connection with the sale of the Public Securities by the Underwriters; and (iii) the conditional acceptance of the Toronto Stock Exchange to the terms of the Offering.

(z) No Preferential Rights. Except as set forth in the Registration Statement or included or incorporated by reference in the Preliminary Prospectuses, the Time of Sale Prospectus and the Prospectuses, (i) and except pursuant to options to purchase Common Shares pursuant to outstanding options, restricted stock units, warrants or convertible debentures, no person, as such term is defined in Rule 1-02 of Regulation S-X promulgated under the Securities Act (each, a "Person"), has the right, contractual or otherwise, to cause the Company to issue or sell to such Person any Common Shares or other securities of the Company, (ii) the Company has not granted to any Person any preemptive rights, resale rights, rights of first refusal, or any other rights (whether pursuant to a "poison pill" provision or otherwise) to purchase any Common Shares or other securities of the Company, (iii) no Person has the right to act as an underwriter or as a financial advisor to the Company in connection with the offer and sale of the Public Securities, and (iv) no Person has the right, contractual or otherwise, to require the Company to register under the Securities Act or qualify for distribution under Canadian Securities Laws any Common Shares or other securities of the Company, or to include any such Common Shares or other securities in the Registration Statement or included or incorporated by reference in the Preliminary Prospectuses, the Time of Sale Prospectus and the Prospectuses, whether as a result of the filing or effectiveness of the Registration Statement, the Prospectuses (or documents incorporated by reference therein) or the sale of the Public Securities as contemplated thereby or otherwise.

(aa) Forward-Looking Information. No forward-looking statement (within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act and no forward-looking information within the meaning of Section 1(1) of the Ontario Securities Act) contained or incorporated by reference in the Registration Statement, the Prospectuses or the Time of Sale Prospectuses has been made or reaffirmed without a reasonable basis or has been disclosed other than in good faith.

(bb) Certificates. The form of certificates representing the Public Securities, to the extent that physical certificates are issued for such securities, will be in due and proper form and conform to the requirements of the *Business Corporations Act* (British Columbia), the articles of incorporation of the Company and applicable requirements of Trading Markets or will have been otherwise approved by the Trading Markets, if required.

(cc) Transfer Agent. Computershare Investor Services Inc. has been duly appointed as registrar and transfer agent for the Common Shares.

(dd) No Litigation. There are no legal, governmental or regulatory actions, suits or proceedings pending, nor, to the Company's knowledge, any legal, governmental or regulatory audits or investigations, to which the Company or a Subsidiary is a party or to which any property of the Company or any of the Material Subsidiaries is the subject that, individually or in the aggregate, if determined adversely to the Company or any of the Material Subsidiaries, could reasonably be expected to have a Material Adverse Effect or materially and adversely affect the ability of the Company to perform its obligations under this Agreement; except as disclosed in the Registration Statement or included or incorporated by reference in the Preliminary Prospectuses, the Time of Sale Prospectus and the Prospectuses, to the Company's knowledge, no such actions, suits or proceedings are threatened or contemplated by any Governmental Authority or threatened by others; and (i) there are no current or pending audits or investigations, actions, suits or proceedings by or before any Governmental Authority that are required under the Securities Act or Canadian Securities Laws to be described in the Registration Statement or included or incorporated by reference in the Preliminary Prospectuses, the Time of Sale Prospectus and the Prospectuses that are not so described; and (ii) there are no agreements, contracts, arrangements or understandings (written or oral) or other documents that are required under the Securities Act to be filed as exhibits to the Registration Statement that are not so filed.

(ee) Labor Disputes. No labor disturbance by or dispute with employees of the Company or any of the Material Subsidiaries exists or, to the knowledge of the Company, is threatened that could reasonably be expected to have a Material Adverse Effect.

(ff) Local Disputes. Except as set forth in the Registration Statement and the Prospectuses, no dispute between the Company and any local, native or indigenous group exists, or to the Company's knowledge, is threatened or imminent with respect to any of the Company's properties or exploration activities that could reasonably be expected to have a Material Adverse Effect.

(gg) Proposed Acquisition. Except as described in the Registration Statement or included or incorporated by reference in the Preliminary Prospectuses, the Time of Sale Prospectus and the Prospectuses, there are no material agreements, contracts, arrangements or understandings (written or oral) with any persons relating to the acquisition or proposed acquisition by the Company or its Material Subsidiaries of any material interest in any business (or part of a business) or corporation, nor are there any other specific contracts or agreements (written or oral) in respect of any such matters in contemplation.

(hh) Intellectual Property Rights. Except as disclosed in the Registration Statement or included or incorporated by reference in the Preliminary Prospectuses, the Time of Sale Prospectus and the Prospectuses, the Company and the Material Subsidiaries own, possess, license or have other rights to use all foreign and domestic patents, patent applications, trade and service marks, trade and service mark registrations, trade names, copyrights, licenses, inventions, trade secrets, technology, Internet domain names, know-how and other intellectual property (collectively, the "Intellectual Property"), necessary for the conduct of their respective businesses as now conducted except to the extent that the failure to own, possess, license or otherwise hold adequate rights to use such Intellectual Property would not, individually or in the aggregate, have a Material Adverse Effect. Except as disclosed in the Registration Statement or included or incorporated by reference in the Preliminary Prospectuses, the Time of Sale Prospectus and the Prospectuses (a) there are no rights of third parties to any such Intellectual Property owned by the Company and the Material Subsidiaries; (b) to the Company's knowledge, there is no infringement by third parties of any such Intellectual Property; (c) there is no pending or, to the Company's knowledge, threatened action, suit, proceeding or claim by others challenging the Company's and the Material Subsidiaries' rights in or to any such Intellectual Property, and the Company is unaware of any facts which could form a reasonable basis for any such action, suit, proceeding or claim; (d) there is no pending or, to the Company's knowledge, threatened action, suit, proceeding or claim by others challenging the validity or scope of any such Intellectual Property; (e) there is no pending or, to the Company's knowledge, threatened action, suit, proceeding or claim by others that the Company and the Material Subsidiaries infringe or otherwise violate any patent, trademark, copyright, trade secret or other proprietary rights of others; (f) to the Company's knowledge, there is no third-party U.S. patent or published U.S. patent application which contains claims for which an Interference Proceeding (as defined in 35 U.S.C. § 135) has been commenced against any patent or patent application described in the Registration Statement or included or incorporated by reference in the Preliminary Prospectuses, the Time of Sale Prospectus and the Prospectuses, as being owned by or licensed to the Company; and (g) the Company and the Material Subsidiaries have complied with the terms of each agreement pursuant to which Intellectual Property has been licensed to the Company or such Material Subsidiary, and all such agreements are in full force and effect, except, in the case of any of clauses (a)-(g) above, for any such infringement by third parties or any such pending or threatened suit, action, proceeding or claim as would not, individually or in the aggregate, result in a Material Adverse Effect.

(ii) Market Capitalization. At the time the Registration Statement was originally declared effective, and at the time the Company's most recent Annual Report on Form 20-F was filed with the Commission, the Company met the then applicable requirements for the use of Form F-3 under the Securities Act.

(jj) No Material Defaults. Neither the Company nor any of the Material Subsidiaries has defaulted on any installment on indebtedness for borrowed money or on any rental on one or more long-term leases, which defaults, individually or in the aggregate, would have a Material Adverse Effect. The Company has not filed a report pursuant to Section 13(a) or 15(d) of the Exchange Act since the filing of its last Annual Report on Form 20-F, indicating that it (i) has failed to pay any dividend or sinking fund installment on preferred stock or (ii) has defaulted on any installment on indebtedness for borrowed money or on any rental on one or more long-term leases, which defaults, individually or in the aggregate, would have a Material Adverse Effect.

(kk) Certain Market Activities. Neither the Company, nor any of the Material Subsidiaries, nor to the knowledge of the Company any of their respective directors or officers has taken, directly or indirectly, any action designed, or that has constituted or might reasonably be expected to cause or result in, under the Exchange Act, Canadian Securities Laws or otherwise, the stabilization, maintenance or manipulation of the price of any security of the Company to facilitate the sale or resale of the Public Securities.

(ll) Title to Real and Personal Property. Except as set forth in the Registration Statement or included or incorporated by reference in the Preliminary Prospectuses, the Time of Sale Prospectus and the Prospectuses, the Company and the Material Subsidiaries have good and marketable title in fee simple to all items of real property owned by them, good and valid title to all personal property described in the Registration Statement or included or incorporated by reference in the Preliminary Prospectuses, the Time of Sale Prospectus and the Prospectuses as being owned by them that are material to the businesses of the Company or such Material Subsidiary, in each case free and clear of all liens, encumbrances and claims, except those that (i) do not materially interfere with the use made and proposed to be made of such property by the Company and any of the Material Subsidiaries or (ii) would not, individually or in the aggregate, have a Material Adverse Effect. Any real or personal property described in the Registration Statement or included or incorporated by reference in the Preliminary Prospectuses, the Time of Sale Prospectus and the Prospectuses as being leased by the Company and any of the Material Subsidiaries is held by them under valid, existing and enforceable leases, except those that (A) do not materially interfere with the use made or proposed to be made of such property by the Company or any of the Material Subsidiaries or (B) would not, individually or in the aggregate, have a Material Adverse Effect. Each of the properties of the Company and the Material Subsidiaries complies with all applicable codes and Applicable Laws (including, without limitation, building and zoning codes, laws and regulations and laws relating to access to such properties), except if and to the extent disclosed in the Registration Statement or included or incorporated by reference in the Preliminary Prospectuses, the Time of Sale Prospectus and the Prospectuses or except for such failures to comply that would not, individually or in the aggregate, interfere in any material respect with the use made and proposed to be made of such property by the Company and the Material Subsidiaries or otherwise have a Material Adverse Effect. None of the Company or the Material Subsidiaries has received from any Governmental Authorities any notice of any condemnation of, or zoning change affecting, the properties of the Company and the Material Subsidiaries, and the Company knows of no such condemnation or zoning change which is threatened, except for such that would not interfere in any material respect with the use made and proposed to be made of such property by the Company and the Material Subsidiaries or otherwise have a Material Adverse Effect, individually or in the aggregate.

(mm) Mining Rights.

(i) The Avino mine, San Gonzalo mine and Bralorne Gold mine, each as described in the Registration Statement or included or incorporated by reference in the Preliminary Prospectuses, the Time of Sale Prospectus and the Prospectuses (collectively, the "Material Properties") are the only resource properties currently material to the Company in which the Company or the Material Subsidiaries have an interest; the Company or through the Material Subsidiaries, hold either freehold title, mining leases, mining concessions, mining claims, exploration permits, prospecting permits or participant interests or other conventional property or proprietary interests or rights, recognized in the jurisdiction in which the Material Properties are located, in respect of the ore bodies and minerals located on the Material Properties in which the Company (through the applicable Material Subsidiary) has an interest under valid, subsisting and enforceable title documents or other recognized and enforceable agreements, contracts, arrangements or understandings, sufficient to permit the Company (through the applicable Material Subsidiary) to explore for and exploit the minerals relating thereto; all leases or claims and permits relating to the Material Properties in which the Company (through the applicable Material Subsidiary) has an interest or right have been validly located and recorded in accordance with all Applicable Laws and are valid and subsisting; except as disclosed in the Registration Statement or included or incorporated by reference in the Preliminary Prospectuses, the Time of Sale Prospectus and the Prospectuses, the Company (through the applicable Material Subsidiary) has all necessary surface rights, access rights and other necessary rights and interests relating to the Material Property in which the Company (through the applicable Material Subsidiary) has an interest granting the Company (through the applicable Material Subsidiary) the right and ability to explore for and exploit minerals, ore and metals for development and production purposes as are appropriate in view of the rights and interest therein of the Company or the applicable Material Subsidiary, with only such exceptions as do not materially interfere with the current use made by the Company or the applicable Material Subsidiary of the rights or interest so held, and each of the proprietary interests or rights and each of the agreements, contracts, arrangements or understandings and obligations relating thereto referred to above is currently in good standing in all respects in the name of the Company or the applicable Material Subsidiary; except as disclosed in the Prospectuses, the Company and the Material Subsidiaries do not have any responsibility or obligation to pay any commission, royalty, license, fee or similar payment to any person with respect to the property rights thereof, except where such fee or payment would not have a Material Adverse Effect, either individually or in the aggregate;

(ii) the Company or the applicable Material Subsidiary holds direct interests in the Material Properties, as described in the Registration Statement or included or incorporated by reference in the Preliminary Prospectuses, the Time of Sale Prospectus and the Prospectuses (the "Project Rights"), under valid, subsisting and enforceable agreements or instruments, and all such agreements and instruments in connection with the Project Rights are valid and subsisting and enforceable in accordance with their terms;

(iii) the Company and the Material Subsidiaries have identified all the material permits, certificates, and approvals (collectively, the "Permits") which are or will be required for the exploration, development and eventual or actual operation of the Material Properties, which Permits include but are not limited to environmental assessment certificates, water licenses, land tenures, rezoning or zoning variances and other necessary local, provincial, state and federal approvals; and, except as disclosed in the Registration Statement or included or incorporated by reference in the Preliminary Prospectuses, the Time of Sale Prospectus and the Prospectuses, the appropriate Permits have either been received, applied for, or the processes to obtain such Permits have been or will in due course be initiated by the Company or the applicable Material Subsidiaries; and, except as disclosed in the Registration Statement or included or incorporated by reference in the Preliminary Prospectuses, the Time of Sale Prospectus and the Prospectuses, neither the Company nor the applicable Material Subsidiaries know of any issue or reason why the Permits should not be approved and obtained in the ordinary course;

(iv) all assessments or other work required to be performed in relation to the material mining claims and the mining rights of the Company and the applicable Material Subsidiary in order to maintain their respective interests therein, if any, have been performed to date and, except as disclosed in the Registration Statement or included or incorporated by reference in the Preliminary Prospectuses, the Time of Sale Prospectus and the Prospectuses, the Company and the applicable Material Subsidiary have complied in all material respects with all Applicable Laws in this regard as well as with regard to legal and contractual obligations to third parties in this regard except in respect of mining claims and mining rights that the Company and the applicable Material Subsidiary intend to abandon or relinquish and except for any non-compliance which would not either individually or in the aggregate have a Material Adverse Effect; all such mining claims and mining rights are in good standing in all respects as of the date of this Agreement;

(v) except as disclosed in the Registration Statement or included or incorporated by reference in the Preliminary Prospectuses, the Time of Sale Prospectus and the Prospectuses, all mining operations on the properties of the Company and the Material Subsidiaries (including, without limitation, the Material Properties) have been conducted in all respects in accordance with good mining and engineering practices and all applicable workers' compensation and health and safety and workplace laws, regulations and policies have been duly complied with;

(vi) except as disclosed in the Registration Statement or included or incorporated by reference in the Preliminary Prospectuses, the Time of Sale Prospectus and the Prospectuses, there are no environmental audits, evaluations, assessments, studies or tests relating to the Company or the Material Subsidiaries except for ongoing assessments conducted by or on behalf of the Company and the Material Subsidiaries in the ordinary course;

(vii) the Company made available to the respective authors thereof prior to the issuance of all of the applicable technical reports filed by the Company on SEDAR relating to the Material Properties (the "Reports"), for the purpose of preparing the Reports, as applicable, all information requested, and no such information contained any material misrepresentation as at the relevant time the relevant information was made available;

(viii) the Reports complied in all material respects with the requirements of NI 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101") as at the date of each such Report;

(ix) the Company is in compliance, in all material respects, with the provisions of NI 43-101 and has filed all technical reports required thereby and, at the time of filing, all such reports complied, in all material respects, with the requirements of NI 43-101; except as noted in the Prospectuses, all scientific and technical information disclosed in the Registration Statement or included or incorporated by reference in the Preliminary Prospectuses, the Time of Sale Prospectus and the Prospectuses: (i) is based upon information prepared, reviewed and/or verified by or under the supervision of a "qualified person" (as such term is defined in NI 43-101), (ii) has been prepared and disclosed in accordance with Canadian industry standards set forth in NI 43- 101, and (iii) was true, complete and accurate in all material respects at the time of filing; and

(x) the title reports and corporate opinions with respect to the Material Properties listed on Schedule B attached hereto (the "Title and Corporate Opinions"), copies of which have been provided to the Representative, are to the knowledge of the Company, correct and complete in all respects with respect to all material operations on the Material Properties on the date hereof, except as in respect of matters or concessions which are not material.

(nn) Taxes. The Company and each of the Material Subsidiaries have filed all federal, state, provincial, local and foreign tax returns which have been required to be filed and paid all taxes shown thereon through the date hereof, to the extent that such taxes have become due and are not being contested in good faith, except where the failure to so file or pay would not have a Material Adverse Effect. Except as otherwise disclosed in or contemplated by the Registration Statement or included or incorporated by reference in the Preliminary Prospectuses, the Time of Sale Prospectus and the Prospectuses, no tax deficiency has been determined adversely to the Company or any of the Material Subsidiaries which has had, individually or in the aggregate, a Material Adverse Effect. The Company has no knowledge of any federal, state, provincial or other governmental tax deficiency, penalty or assessment which has been or might be asserted or threatened against it which would have a Material Adverse Effect.

(oo) No Reliance. The Company has not relied upon the Underwriters or legal counsel for the Underwriters for any legal, tax or accounting advice in connection with the offering and sale of the Public Securities.

(pp) Investment Company Act. Neither the Company nor any of the Material Subsidiaries is or, after giving effect to the offering and sale of the Public Securities and the application of the proceeds thereof as described in the Registration Statement or included or incorporated by reference in the Preliminary Prospectuses, the Time of Sale Prospectus and the Prospectuses, will be an "investment company" or an entity "controlled" by an "investment company," as such terms are defined in the Investment Company Act of 1940, as amended.

(qq) ERISA. The Company does not have a material employee benefit plan, within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended.

(rr) Company is not a "Controlled Foreign Corporation". As of the date hereof, the Company is not a "*controlled foreign corporation*," as such term is defined in the Internal Revenue Code of 1986, as amended (the "Code"), and does not expect to become a controlled foreign corporation in the foreseeable future.

(ss) Insurance. The Company and each of the Material Subsidiaries carry, or are covered by, insurance in such amounts and covering such risks as the Company and each of the Material Subsidiaries reasonably believe are adequate for the conduct of their properties and as is customary for companies engaged in similar businesses in similar industries.

(tt) No Price Stabilization or Manipulation; Compliance with Regulation M. The Company has not taken, nor will the Company take, directly or indirectly, any action designed to or that might be reasonably expected to cause or result in stabilization or manipulation of the price of the Common Shares, as applicable, or any other "reference security" (as defined in Rule 100 of Regulation M under the Exchange Act ("Regulation M")) whether to facilitate the sale or resale of the Public Securities, as applicable, or otherwise, and has taken no action which would directly or indirectly violate Regulation M.

(uu) Working Capital. To the Company's knowledge and taking into account the available working capital and the net proceeds receivable by the Company following the sale of the Public Securities, the Company has sufficient working capital for its present requirements that is for a period of at least 12 months from the date of the Prospectus.

(vv) FINRA Matters. All of the information provided to the Underwriters or to counsel for the Underwriters by the Company and, to the knowledge of the Company, its officers and directors and the holders of any securities (debt or equity) or options to acquire any securities of the Company in connection with letters, filings or other supplemental information provided to FINRA pursuant to FINRA Conduct Rule 5110, 5121 or 5190 is true, complete and correct in all material aspects.

(ww) Environmental Laws**.** Except as set forth in the Registration Statement or included or incorporated by reference in the Preliminary Prospectuses, the Time of Sale Prospectus and the Prospectuses:

(i) each of the Company and the Material Subsidiaries is in compliance in all material respects with all applicable federal, provincial, state, municipal and local laws, statutes, ordinances, bylaws and regulations and orders, directives and decisions rendered by any ministry, department or administrative or regulatory agency, domestic or foreign (the "Environmental Laws") relating to the protection of the environment, occupational health and safety or the processing, use, treatment, storage, disposal, discharge, transport or handling of any pollutants, contaminants, chemicals or industrial, toxic or hazardous wastes or substance, including any uranium or derivatives thereof (the "Hazardous Substances"), except where such non-compliance would not have a Material Adverse Effect, either individually or in the aggregate;

(ii) each of the Company and the Material Subsidiaries has obtained all licenses, permits, approvals, consents, certificates, registrations and other authorizations under all applicable Environmental Laws (the "Environmental Permits") necessary as at the date hereof for the operation of the businesses carried on or proposed to be commenced by the Company and the Material Subsidiaries and each Environmental Permit is valid, subsisting and in good standing and to the knowledge of the Company neither the Company nor the Material Subsidiaries is in default or breach of any Environmental Permit which would have a Material Adverse Effect, and no proceeding is pending or, to the knowledge of the Company or the Material Subsidiaries, threatened, to revoke or limit any Environmental Permit;

(iii) neither the Company nor the Material Subsidiaries has used, except in compliance with all Environmental Laws and Environmental Permits, and other than as may be incidental to mineral resource exploration, development, mining, recovery, processing or milling, any property or facility which it owns or leases or previously owned or leased, to generate, manufacture, process, distribute, use, treat, store, dispose of, transport or handle any Hazardous Substance; and

(iv) neither the Company nor the Material Subsidiaries (including, if applicable, any predecessor companies) has received any notice of, or been prosecuted for an offence alleging, non-compliance with any Environmental Law that would have a Material Adverse Effect, and neither the Company nor the Material Subsidiaries (including, if applicable, any predecessor companies) has settled any allegation of non-compliance that would have a Material Adverse Effect short of prosecution. There are no orders or directions relating to environmental matters requiring any material work, repairs, construction or capital expenditures to be made with respect to any of the assets of the Company or the Material Subsidiaries, nor has the Company or the Material Subsidiaries received notice of any of the same; and (v) neither the Company nor the Material Subsidiaries has received any notice wherein it is alleged or stated that the Company or the Material Subsidiaries is potentially responsible for a federal, provincial, state, municipal or local clean-up site or corrective action under any Environmental Laws. Neither the Company nor the Material Subsidiaries has received any request for information in connection with any federal, state, municipal or local inquiries as to disposal sites.

(xx) Finder's Fee's. Neither the Company nor any of the Material Subsidiaries has incurred any liability for any finder's fees, brokerage commissions or similar payments in connection with the transactions herein contemplated, except as may otherwise exist with respect to the Underwriters pursuant to this Agreement.

(yy) Broker/Dealer Relationships. Neither the Company nor any of the Material Subsidiaries or any related entities (i) is required to register as a "broker" or "dealer" in accordance with the provisions of the Exchange Act or (ii) directly or indirectly through one or more intermediaries, controls or is a "person associated with a member" or "associated person of a member" (within the meaning set forth in the FINRA Manual).

(zz) Dividend Restrictions. Except as may be restricted by Applicable Law, no Material Subsidiary is prohibited or restricted, directly or indirectly, from paying dividends to the Company, or from making any other distribution with respect to such Material Subsidiaries' equity securities or from repaying to the Company or any other Material Subsidiaries any amounts that may from time to time become due under any loans or advances to such Material Subsidiaries from the Company or from transferring any property or assets to the Company or to any other Material Subsidiaries.

(aaa) No Improper Practices. (i) Neither the Company nor, to the Company's knowledge, the Material Subsidiaries, nor to the Company's knowledge, any of their respective directors or officers has, in the past five years, made any unlawful contributions to any candidate for any political office (or failed fully to disclose any contribution in violation of Applicable Law) or made any contribution or other payment to any official of, or candidate for, any federal, state, provincial, municipal, or foreign office or other person charged with similar public or quasi-public duty in violation of any Applicable Law or of the character required to be disclosed in the Registration Statement or included or incorporated by reference in the Preliminary Prospectuses, the Time of Sale Prospectus and the Prospectuses; (ii) no relationship, direct or indirect, exists between or among the Company or, to the Company's knowledge, any Material Subsidiary or any affiliate of any of them, on the one hand, and the directors, officers and shareholders of the Company or, to the Company's knowledge, any Material Subsidiary, on the other hand, that is required by the Securities Act or Canadian Securities Laws to be described in the Registration Statement or included or incorporated by reference in the Preliminary Prospectuses, the Time of Sale Prospectus and the Prospectuses that is not so described; (iii) no relationship, direct or indirect, exists between or among the Company or any Material Subsidiary or any affiliate of them, on the one hand, and the directors, officers, or shareholders of the Company or, to the Company's knowledge, any Material Subsidiary, on the other hand, that is required by the rules of FINRA (or Canadian equivalent thereof) to be described in the Registration Statement or included or incorporated by reference in the Preliminary Prospectuses, the Time of Sale Prospectus and the Prospectuses that is not so described; (iv) except as described in the Prospectuses, there are no material outstanding loans or advances or material guarantees of indebtedness by the Company or, to the Company's knowledge, any Material Subsidiary to or for the benefit of any of their respective officers or directors or any of the members of the families of any of them; and (v) the Company has not offered, or caused any placement agent to offer, Common Shares or to make any payment of funds to any person with the intent to influence unlawfully (A) a customer or supplier of the Company or any Material Subsidiary to alter the customer's or supplier's level or type of business with the Company or any Material Subsidiary or (B) a trade journalist or publication to write or publish favorable information about the Company or any Material Subsidiary or any of their respective products or services, and, (vi) neither the Company nor any Material Subsidiary nor, to the Company's knowledge, any director, officer, employee or agent of the Company or any Material Subsidiary has made any payment of funds of the Company or any Material Subsidiary or received or retained any funds in violation of any Applicable Law (including, without limitation, the Foreign Corrupt Practices Act of 1977 and the *Corruption of Foreign Public Officials Act* (Canada)).

(bbb) Operations. The operations of the Company and the Material Subsidiaries are and have been conducted at all times in compliance with applicable financial record keeping and reporting requirements of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), the *Corruption of Foreign Public Officials Act* (Canada) and applicable rules and regulations thereunder, and the money laundering statutes of all applicable jurisdictions, the rules and regulations thereunder and any related or similar applicable rules, regulations or guidelines, issued, administered or enforced by any Governmental Authority (collectively, the "Money Laundering Laws"); and no action, suit or proceeding by or before any court or Governmental Authority involving the Company or any of the Material Subsidiaries with respect to the Money Laundering Laws is pending or, to the knowledge of the Company, threatened.

(ccc) Sanctions. (i) The Company represents that, neither the Company nor any of the Material Subsidiaries (collectively, the "Entity") nor, to the Company's knowledge, any director, officer, employee, agent, affiliate or representative of the Company, is a government, individual, or entity (in this paragraph (bbb), "Member") that is, or is owned or controlled by a Member that is:

the subject of any sanctions administered or enforced by the U.S. Department of Treasury's Office of Foreign Assets Control, the United Nations Security Council, the European Union, Her Majesty's Treasury, the Office of the Superintendent of Financial Institutions (Canada), or pursuant to the *Special Economic Measures Act* (Canada) or other relevant sanctions authority or Applicable Law (collectively, "Sanctions"), nor

located, organized or resident in a country or territory that is the subject of Sanctions (including, without limitation, Burma/Myanmar, Cuba, Iran, Libya, North Korea, Russia, Sudan, Syria, Ukraine and Zimbabwe).

(ii) The Company represents and covenants that it will not, directly or indirectly, use the proceeds of the offering, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Member:

to fund or facilitate any activities or business of or with any Member or in any country or territory that, at the time of such funding or facilitation, is the subject of Sanctions; or

in any other manner that will result in a violation of Sanctions by any Member (including any Member participating in the offering, whether as underwriter, advisor, investor or otherwise).

(iii) The Company represents and covenants that, except as detailed in the Registration Statement or included or incorporated by reference in the Preliminary Prospectuses, the Time of Sale Prospectus and the Prospectuses, for the past 5 years, it has not knowingly engaged in, is not now knowingly engaged in, and will not engage in, any dealings or transactions with any Member, or in any country or territory, that at the time of the dealing or transaction is or was the subject of Sanctions.

(ddd) Certification of Disclosure. There has been no failure on the part of the Company or any of the Company's directors or officers, in their capacities as such, to comply in all material respects with any applicable provisions of the Sarbanes-Oxley Act, National Instrument 52-109 (*Certification of Disclosure in Issuers' Annual and Interim Filings*) ("NI 52-109") and the rules and regulations promulgated thereunder. Each of the principal executive officer and the principal financial officer of the Company (or each former principal executive officer of the Company and each former principal financial officer of the Company as applicable) and each certifying officer of the Company (or each former certifying officer of the Company and each former certifying officer of the Company as applicable) has made all certifications required by Sections 302 and 906 of the Sarbanes-Oxley Act with respect to all reports, schedules, forms, statements and other documents required to be filed by it or furnished by it to the Commission and as required to be made and filed by NI 52-109. For purposes of the preceding sentence, "principal executive officer" and "principal financial officer" shall have the meanings given to such terms in the Sarbanes-Oxley Act and "certifying officer" shall have the meanings given to such term in NI 52-109.

(eee) Passive Foreign Investment Company. The Company believes that it was not a Passive Foreign Investment Company ("PFIC") within the meaning of Section 1297 of the Code, during the prior tax year ended on December 31, 2017, and based on current business plans and financial expectations, the Company expects that it will not be a PFIC for the current tax year and expects that it will not be a PFIC for the foreseeable future.

(fff) U.S. Real Property Holding Corporation. The Company is not and has never been a U.S. real property holding corporation within the meaning of Section 897 of the Internal Revenue Code of 1986, as amended, and the Company shall so certify upon the Representative's request.

(ggg) Bank Holding Company Act. Neither the Company nor any of its Subsidiaries or Affiliates is subject to the Bank Holding Company Act of 1956, as amended (the "BHCA") and to regulation by the Board of Governors of the Federal Reserve System (the "Federal Reserve"). Neither the Company nor any of its Subsidiaries or Affiliates owns or controls, directly or indirectly, five percent (5%) or more of the outstanding shares of any class of voting securities or twenty-five percent (25%) or more of the total equity of a bank or any entity that is subject to the BHCA and to regulation by the Federal Reserve. Neither the Company nor any of its Subsidiaries or Affiliates exercises a controlling influence over the management or policies of a bank or any entity that is subject to the BHCA and to regulation by the Federal Reserve.

(hhh) D&O Questionnaires. To the Company's knowledge, all information contained in the questionnaires completed by each of the Company's directors and officers immediately prior to the Offering as well as in the Lock-Up Agreement provided to the Underwriters is true and correct in all respects and the Company has not become aware of any information which would cause the information disclosed in such questionnaires become inaccurate and incorrect.

(iii) Board of Directors. The Board of Directors is comprised of the persons set forth under the heading of the Prospectus captioned "Management." The qualifications of the persons serving as board members and the overall composition of the Board of Directors comply with the Sarbanes-Oxley Act of 2002 and the rules promulgated thereunder applicable to the Company and the rules of the Trading Markets. At least one member of the Board of Directors qualifies as a "financial expert" as such term is defined under the Sarbanes-Oxley Act of 2002 and the rules promulgated thereunder and the rules of the Trading Markets. In addition, at least a majority of the persons serving on the Board of Directors qualify as "independent" as defined under the rules of the Trading Markets.

In this Agreement, a reference to "*knowledge*" of the Company means the knowledge of the President & Chief Executive Officer, David Wolfin, the Chief Financial Officer, Malcolm Davidson, Carlos Rodriguez, Chief Operating Officer, Dorothy Chin, Secretary, and Jasman Yee, a director and qualified person for the Avino Mine, in each case, after reasonable inquiry within the scope of such person's duties.

Any certificate signed by any officer on behalf of the Company or any of the Material Subsidiaries and delivered to the Underwriters or counsel for the Underwriters in connection with the offering of the Public Securities shall be deemed to be a representation and warranty by the Company or Material Subsidiaries, as the case may be, as to matters covered thereby, to each Underwriter.

The Company acknowledges that the Underwriters and, for purposes of the opinions to be delivered pursuant to this Agreement, counsel to the Company and counsel to the Underwriters will rely upon the accuracy and truthfulness of the foregoing representations and hereby consents to such reliance.

ARTICLE IV.
OTHER AGREEMENTS OF THE PARTIES

4.1 Delivery of Registration Statement. The Company has delivered, or will as promptly as practicable deliver, to the Underwriters complete conformed copies of the Registration Statement and of each consent and certificate of experts, as applicable, filed as a part thereof, and conformed copies of the Registration Statement (without exhibits), the Prospectus and the Prospectus Supplement, as amended or supplemented, in such quantities and at such places as an Underwriter reasonably requests. Neither the Company nor any of its directors and officers has distributed and none of them will distribute, prior to the Closing Date, any offering material in connection with the offering and sale of the Public Securities other than the Prospectus, the Prospectus Supplement, the Registration Statement, and copies of the documents incorporated by reference therein. The Company shall not file any such amendment or supplement to which the Representative shall reasonably object in writing.

4.2 Federal Securities Laws.

(a) Compliance. During the time when a Prospectus is required to be delivered under the Securities Act, the Company will use its commercially reasonable efforts to comply with all requirements imposed upon it by the Securities Act and the rules and regulations thereunder and the Exchange Act and the rules and regulations thereunder, as from time to time in force, so far as necessary to permit the continuance of sales of or dealings in the Public Securities in accordance with the provisions hereof and the Prospectus. If at any time when a Prospectus relating to the Public Securities is required to be delivered under the Securities Act, any event shall have occurred as a result of which, in the opinion of counsel for the Company or counsel for the Underwriters, the Prospectus, as then amended or supplemented, includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, or if it is necessary at any time to amend the Prospectus to comply with the Securities Act, the Company will notify the Underwriters promptly and prepare and file with the Commission, subject to Section 4.1 hereof, an appropriate amendment or supplement in accordance with Section 10 of the Securities Act.

(b) Filing of Final Prospectus Supplement. The Company will file the Prospectus Supplement (in form and substance satisfactory to the Representative) with the Commission pursuant to the requirements of Rule 424.

(c) Exchange Act Registration. For a period of two years from the Execution Date, the Company will use its commercially reasonable efforts to maintain the registration of the Common Shares under the Exchange Act. The Company will not deregister the Common Shares under the Exchange Act without the prior written consent of the Representative.

(d) Free Writing Prospectuses. The Company represents and agrees that it has not made and will not make any offer relating to the Public Securities that would constitute an issuer free writing prospectus, as defined in Rule 433 of the rules and regulations under the Securities Act, without the prior written consent of the Representative. Any such free writing prospectus consented to by the Representative is herein referred to as a **"**Permitted Free Writing Prospectus." The Company represents that it will treat each Permitted Free Writing Prospectus as an "issuer free writing prospectus" as defined in rule and regulations under the Securities Act, and has complied and will comply with the applicable requirements of Rule 433 of the Securities Act, including timely Commission filing where required, legending and record keeping.

4.3 Delivery to the Underwriters of Prospectuses. The Company will deliver to the Underwriters, without charge, from time to time during the period when the Prospectus is required to be delivered under the Securities Act or the Exchange Act such number of copies of each Prospectus as the Underwriters may reasonably request and, as soon as the Registration Statement or any amendment or supplement thereto becomes effective, deliver to you two original executed Registration Statements, including exhibits, and all post-effective amendments thereto and copies of all exhibits filed therewith or incorporated therein by reference and all original executed consents of certified experts.

4.4 Effectiveness and Events Requiring Notice to the Underwriters. The Company will use its commercially reasonable efforts to cause the Registration Statement to remain effective with a current prospectus until the later of nine (9) months from the Execution Date and the date on which the Warrants are no longer outstanding, and will notify the Underwriters and holders of the Warrants immediately and confirm the notice in writing: (i) of the effectiveness of the Registration Statement and any amendment thereto; (ii) of the issuance by the Commission of any stop order or of the initiation, or the threatening, of any proceeding for that purpose; (iii) of the issuance by any state securities commission of any proceedings for the suspension of the qualification of the Public Securities for offering or sale in any jurisdiction or of the initiation, or the threatening, of any proceeding for that purpose; (iv) of the mailing and delivery to the Commission for filing of any amendment or supplement to the Registration Statement or Prospectus; (v) of the receipt of any comments or request for any additional information from the Commission; and (vi) of the happening of any event during the period described in this Section 4.4 that, in the judgment of the Company, makes any statement of a material fact made in the Registration Statement or the Prospectus untrue or that requires the making of any changes in the Registration Statement or the Prospectus in order to make the statements therein, in light of the circumstances under which they were made, not misleading. If the Commission or any state securities commission shall enter a stop order or suspend such qualification at any time, the Company will make every reasonable effort to obtain promptly the lifting of such order.

4.5 Review of Financial Statements. For a period of three (3) years from the Execution Date, the Company, at its expense, shall cause its regularly engaged independent registered public accountants to review (but not audit) the Company's financial statements for each of the first three fiscal quarters prior to the announcement of quarterly financial information.

4.6 Expenses of the Offering.

(a) General Expenses Related to the Offering. The Company hereby agrees to pay on each of the Closing Date and each Option Closing Date, if any, to the extent not paid at the Closing Date, all expenses incident to the performance of the obligations of the Company under this Agreement, including, but not limited to: (a) all filing fees and communication expenses relating to the registration of the Public Securities to be sold in the Offering (including the Option Securities) with the Commission; (b) all FINRA Public Offering Filing System fees associated with the review of the Offering by FINRA; all fees and expenses relating to the listing of such Closing Shares, Option Shares and Warrant Shares on the Trading Markets and such other stock exchanges as the Company and the Representative together determine; (c) all fees, expenses and disbursements relating to the registration or qualification of such Public Securities under the "blue sky" securities laws of such states and other foreign jurisdictions as the Representative may reasonably designate (including, without limitation, all filing and registration fees, and the fees and expenses of Blue Sky counsel); (d) the costs of all mailing and printing of the underwriting documents (including, without limitation, the Underwriting Agreement, any Blue Sky Surveys and, if appropriate, any Agreement Among Underwriters, Underwriters' Questionnaire and Power of Attorney), Registration Statements, Prospectuses and all amendments, supplements and exhibits thereto and as many preliminary and final Prospectuses as the Representative may reasonably deem necessary; (e) the costs and expenses of the Company's public relations firm; (f) the costs of preparing, printing and delivering the Public Securities; (g) fees and expenses of the Transfer Agent for the Public Securities (including, without limitation, any fees required for same-day processing of any instruction letter delivered by the Company); (h) stock transfer and/or stamp taxes, if any, payable upon the transfer of securities from the Company to the Underwriters; (i) the fees and expenses of the Company's accountants; (j) the fees and expenses of the Company's legal counsel and other agents and representatives; (k) the Underwriters' reasonable costs of mailing prospectuses to prospective investors; (l) the costs associated with advertising the Offering in the national editions of the Wall Street Journal and New York Times after the Closing Date; (n) all fees, expenses and disbursements relating to background checks of the Company's officers and directors; (o) reasonable costs associated with bound volumes of the public offering materials as well as commemorative mementos and lucite tombstones, each of which the Company or its designee will provide within a reasonable time after the Closing in such quantities as the Underwriters may reasonably request; (p) the Underwriters' use of i-Deal's book-building, prospectus tracking and compliance software (or other similar software) for the Offering; and (q) Underwriters' actual "road show" expenses for the Offering. The Underwriters may also deduct from the net proceeds of the Offering payable to the Company on the Closing Date, or each Option Closing Date, if any, the expenses set forth herein to be paid by the Company to the Underwriters.

(b) Non-accountable Expenses. The Company further agrees that, in addition to the expenses payable pursuant to Section 4.6(b), on the Closing Date it will pay to the Representative a non-accountable expense allowance equal to $175,000 from the sale of the Public Securities by deduction from the proceeds of the Offering contemplated herein.

4.7 Application of Net Proceeds. The Company will apply the net proceeds from the Offering received by it in a manner consistent with the application described under the caption "Use Of Proceeds" in the Prospectus Supplement.

4.8 Delivery of Earnings Statements to Security Holders. The Company will make generally available to its security holders as soon as practicable, but not later than the first day of the fifteenth full calendar month following the Execution Date, an earnings statement (which need not be certified by independent public or independent certified public accountants unless required by the Securities Act or the Rules and Regulations under the Securities Act, but which shall satisfy the provisions of Rule 158(a) under Section 11(a) of the Securities Act) covering a period of at least twelve consecutive months beginning after the Execution Date.

4.9 Stabilization. Neither the Company, nor, to its knowledge, any of its employees, directors or shareholders (without the consent of the Representative) has taken or will take, directly or indirectly, any action designed to or that has constituted or that might reasonably be expected to cause or result in, under the Exchange Act, or otherwise, stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Public Securities.

4.10 Internal Controls. The Company will maintain a system of internal accounting controls sufficient to provide reasonable assurances that: (i) transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary in order to permit preparation of financial statements in accordance with IFRS and to maintain accountability for assets; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

4.11 Accountants. The Company shall continue to retain an independent certified public accounting firm for a period of at least three years after the Execution Date. The Underwriters acknowledge that the Company Auditor is acceptable to the Underwriters.

4.12 FINRA. The Company shall advise the Underwriters (who shall make an appropriate filing with FINRA) if it is aware that any 5% or greater shareholder of the Company becomes an affiliate or associated person of an Underwriter.

4.13 No Fiduciary Duties. The Company acknowledges and agrees that the Underwriters' responsibility to the Company is solely contractual and commercial in nature, based on arms-length negotiations and that neither the Underwriters nor their affiliates or any selected dealer shall be deemed to be acting in a fiduciary capacity, or otherwise owes any fiduciary duty to the Company or any of its affiliates in connection with the Offering and the other transactions contemplated by this Agreement. Notwithstanding anything in this Agreement to the contrary, the Company acknowledges that the Underwriters may have financial interests in the success of the Offering that are not limited to the difference between the price to the public and the purchase price paid to the Company by the Underwriters for the shares and the Underwriters have no obligation to disclose, or account to the Company for, any of such additional financial interests. The Company hereby waives and releases, to the fullest extent permitted by law, any claims that the Company may have against the Underwriters with respect to any breach or alleged breach of fiduciary duty.

4.14 Warrant Shares. If all or any portion of a Warrant is exercised at a time when there is an effective registration statement to cover the issuance of the Warrant Shares or if the Warrant is exercised via cashless exercise at a time when such Warrant Shares would be eligible for resale under Rule 144 by a non-affiliate of the Company, the Warrant Shares issued pursuant to any such exercise shall be issued free of all restrictive legends. If at any time following the date hereof the Registration Statement (or any subsequent registration statement registering the sale or resale of the Warrant Shares) is not effective or is not otherwise available for the sale of the Warrant Shares, the Company shall immediately notify the holders of the Warrants in writing that such registration statement is not then effective and thereafter shall promptly notify such holders when the registration statement is effective again and available for the sale of the Warrant Shares (it being understood and agreed that the foregoing shall not limit the ability of the Company to issue, or any holder thereof to sell, any of the Warrant Shares in compliance with applicable federal and state securities laws).

4.15 Board Composition and Board Designations. The Company shall ensure that: (i) the qualifications of the persons serving as board members and the overall composition of the Board of Directors comply with the Sarbanes-Oxley Act of 2002 and the rules promulgated thereunder and with the listing requirements of the Trading Markets and (ii) if applicable, at least one member of the Board of Directors qualifies as a "financial expert" as such term is defined under the Sarbanes-Oxley Act of 2002 and the rules promulgated thereunder.

4.16 Securities Laws Disclosure; Publicity. At the request of the Representative, by 8:00 a.m. (New York City time) on the date hereof, the Company shall issue a press release disclosing the material terms of the Offering. The Company and the Representative shall consult with each other in issuing any other press releases with respect to the Offering, and neither the Company nor any Underwriter shall issue any such press release nor otherwise make any such public statement without the prior consent of the Company, with respect to any press release of such Underwriter, or without the prior consent of such Underwriter, with respect to any press release of the Company, which consent shall not unreasonably be withheld or delayed, except if such disclosure is required by law, in which case the disclosing party shall promptly provide the other party with prior notice of such public statement or communication. The Company will not issue press releases or engage in any other publicity, without the Representative's prior written consent, for a period ending at 5:00 p.m. (New York City time) on the first business day following the 40th day following the Closing Date, other than normal and customary releases issued in the ordinary course of the Company's business.

4.17 Shareholder Rights Plan. No claim will be made or enforced by the Company or, with the consent of the Company, any other Person, that any Underwriter of the Public Securities is an "Acquiring Person" under any control share acquisition, business combination, poison pill (including any distribution under a rights agreement) or similar anti-takeover plan or arrangement in effect or hereafter adopted by the Company, or that any Underwriter of Public Securities could be deemed to trigger the provisions of any such plan or arrangement, by virtue of receiving Public Securities.

4.18 Reservation of Common Shares. As of the date hereof, the Company has reserved and the Company shall continue to reserve and keep available at all times, free of preemptive rights, a sufficient number of Common Shares for the purpose of enabling the Company to issue Option Shares pursuant to the Over-Allotment Option and Warrant Shares pursuant to any exercise of the Warrants.

4.19 Listing of Common Shares. The Company hereby agrees to use commercially reasonable efforts to maintain the listing or quotation of the Common Shares on the Trading Markets on which it is currently listed, and concurrently with the Closing, the Company shall apply to list or quote all of the Closing Shares, Option Shares and Warrant Shares on such Trading Markets and promptly secure the listing of all of the Closing Shares, Option Shares and Warrant Shares on such Trading Markets. The Company further agrees, if the Company applies to have the Common Shares traded on any other Trading Markets, it will then include in such application all of the Closing Shares, Option Shares and Warrant Shares, and will take such other action as is necessary to cause all of the Closing Shares, Option Shares and Warrant Shares to be listed or quoted on such other Trading Market as promptly as possible. The Company will then take all action reasonably necessary to continue the listing and trading of its Common Shares on a Trading Market and will comply in all respects with the Company's reporting, filing and other obligations under the bylaws or rules of the Trading Markets. The Company agrees to maintain the eligibility of the Common Shares for electronic transfer through the Depository Trust Company or another established clearing corporation, including, without limitation, by timely payment of fees to the Depository Trust Company or such other established clearing corporation in connection with such electronic transfer.

4.20 Subsequent Equity Sales.

(a) From the date hereof until the 90th day following the Closing Date, neither the Company nor any Subsidiary shall issue, enter into any agreement to issue or announce the issuance or proposed issuance of any Common Shares or Common Shares Equivalents.

(b) From the date hereof until no Warrants are outstanding, the Company shall be prohibited from effecting or entering into an agreement to effect any issuance by the Company or any of its Subsidiaries of Common Shares or Common Share Equivalents (or a combination of units thereof) involving a Variable Rate Transaction. "Variable Rate Transaction" means a transaction in which the Company (i) issues or sells any debt or equity securities that are convertible into, exchangeable or exercisable for, or include the right to receive, additional Common Shares either (A) at a conversion price, exercise price or exchange rate or other price that is based upon, and/or varies with, the trading prices of or quotations for the Common Shares at any time after the initial issuance of such debt or equity securities or (B) with a conversion, exercise or exchange price that is subject to being reset at some future date after the initial issuance of such debt or equity security or upon the occurrence of specified or contingent events directly or indirectly related to the business of the Company or the market for the Common Shares or (ii) enters into, or effects a transaction under, any agreement, including, but not limited to, an equity line of credit, whereby the Company may issue securities at a future determined price. Any Underwriter shall be entitled to obtain injunctive relief against the Company to preclude any such issuance, which remedy shall be in addition to any right to collect damages. Notwithstanding the foregoing, following the 90th day after the Closing Date, any sales made pursuant to the sales agreement between the Company and Cantor Fitzgerald & Co., dated as of August 4, 2017, as amended on or prior to the date hereof, shall not be deemed a Variable Rate Transaction.

(c) Notwithstanding the foregoing, this Section 4.20 shall not apply in respect of an Exempt Issuance, except that no Variable Rate Transaction shall be an Exempt Issuance.

4.21 Research Independence. The Company acknowledges that each Underwriter's research analysts and research departments, if any, are required to be independent from their respective investment banking divisions and are subject to certain regulations and internal policies, and that such Underwriter's research analysts may hold and make statements or investment recommendations and/or publish research reports with respect to the Company and/or the offering that differ from the views of its investment bankers. The Company hereby waives and releases, to the fullest extent permitted by law, any claims that the Company may have against such Underwriter with respect to any conflict of interest that may arise from the fact that the views expressed by their independent research analysts and research departments may be different from or inconsistent with the views or advice communicated to the Company by such Underwriter's investment banking divisions. The Company acknowledges that the Representative is a full service securities firm and as such from time to time, subject to applicable securities laws, may effect transactions for its own account or the account of its customers and hold long or short position in debt or equity securities of the Company.

ARTICLE V.
DEFAULT BY UNDERWRITERS

If on the Closing Date or any Option Closing Date, if any Underwriter shall fail to purchase and pay for the portion of the Closing Securities or Option Securities, as the case may be, which such Underwriter has agreed to purchase and pay for on such date (otherwise than by reason of any default on the part of the Company), the Representative, or if the Representative is the defaulting Underwriter, the non-defaulting Underwriters, shall use their reasonable efforts to procure within 36 hours thereafter one or more of the other Underwriters, or any others, to purchase from the Company such amounts as may be agreed upon and upon the terms set forth herein, the Closing Securities or Option Securities, as the case may be, which the defaulting Underwriter or Underwriters failed to purchase. If during such 36 hours the Representative shall not have procured such other Underwriters, or any others, to purchase the Closing Securities or Option Securities, as the case may be, agreed to be purchased by the defaulting Underwriter or Underwriters, then (a) if the aggregate number of Closing Securities or Option Securities, as the case may be, with respect to which such default shall occur does not exceed 10% of the Closing Securities or Option Securities, as the case may be, covered hereby, the other Underwriters shall be obligated, severally, in proportion to the respective numbers of Closing Securities or Option Securities, as the case may be, which they are obligated to purchase hereunder, to purchase the Closing Securities or Option Securities, as the case may be, which such defaulting Underwriter or Underwriters failed to purchase, or (b) if the aggregate number of Closing Securities or Option Securities, as the case may be, with respect to which such default shall occur exceeds 10% of the Closing Securities or Option Securities, as the case may be, covered hereby, the Company or the Representative will have the right to terminate this Agreement without liability on the part of the non-defaulting Underwriters or of the Company except to the extent provided in Article VI hereof. In the event of a default by any Underwriter or Underwriters, as set forth in this Article V, the applicable Closing Date may be postponed for such period, not exceeding seven days, as the Representative, or if the Representative is the defaulting Underwriter, the non-defaulting Underwriters, may determine in order that the required changes in the Prospectus or in any other documents or arrangements may be effected. The term "Underwriter" includes any person substituted for a defaulting Underwriter. Any action taken under this Section shall not relieve any defaulting Underwriter from liability in respect of any default of such Underwriter under this Agreement.

ARTICLE VI.
INDEMNIFICATION

6.1 Indemnification of the Underwriters. Subject to the conditions set forth below, the Company agrees to indemnify and hold harmless each of the Underwriters, and each of their respective directors, officers and employees and each Person, if any, who controls such Underwriter ("Controlling Person") within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, against any and all loss, liability, claim, damage and expense whatsoever (including but not limited to any and all legal or other expenses reasonably incurred in investigating, preparing or defending against any litigation, commenced or threatened, or any claim whatsoever, whether arising out of any action between such Underwriter and the Company or between such Underwriter and any third party or otherwise) to which they or any of them may become subject under the Securities Act, the Exchange Act or any other statute or at common law or otherwise or under the laws of foreign countries, arising out of or based upon any untrue statement or alleged untrue statement of a material fact contained in (i) any Preliminary Prospectus, if any, the Registration Statement or the Prospectus (as from time to time each may be amended and supplemented); (ii) any materials or information provided to investors by, or with the prior written approval of, the Company in connection with the marketing of the offering of the Public Securities, including any "road show" or investor presentations made to investors by the Company (whether in person or electronically); or (iii) any application or other document or written communication (in this Article VI, collectively called "application") executed by the Company or based upon written information furnished by the Company in any jurisdiction in order to qualify the Public Securities under the securities laws thereof or filed with the Commission, any state securities commission or agency, Trading Market or any securities exchange; or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, unless such statement or omission was made in reliance upon and in conformity with written information furnished to the Company with respect to the applicable Underwriter by or on behalf of such Underwriter expressly for use in any Preliminary Prospectus, if any, the Registration Statement or Prospectus, or any amendment or supplement thereto, or in any application, as the case may be. With respect to any untrue statement or omission or alleged untrue statement or omission made in the Preliminary Prospectus, if any, the indemnity agreement contained in this Section 6.1 shall not inure to the benefit of an Underwriter to the extent that any loss, liability, claim, damage or expense of such Underwriter results from the fact that a copy of the Prospectus was not given or sent to the Person asserting any such loss, liability, claim or damage at or prior to the written confirmation of sale of the Public Securities to such Person as required by the Securities Act and the rules and regulations thereunder, and if the untrue statement or omission has been corrected in the Prospectus, unless such failure to deliver the Prospectus was a result of non-compliance by the Company with its obligations under this Agreement. The Company agrees promptly to notify each Underwriter of the commencement of any litigation or proceedings against the Company or any of its officers, directors or Controlling Persons in connection with the issue and sale of the Public Securities or in connection with the Registration Statement or Prospectus.

6.2 Procedure. If any action is brought against an Underwriter or a Controlling Person in respect of which indemnity may be sought against the Company pursuant to Section 6.1, such Underwriter, such Controlling Person, as the case may be, shall promptly notify the Company in writing of the institution of such action and the Company shall assume the defense of such action, including the employment and fees of counsel (subject to the reasonable approval of such Underwriter) and payment of actual expenses. Such Underwriter, or Controlling Person shall have the right to employ its or their own counsel in any such case, but the fees and expenses of such counsel shall be at the expense of such Underwriter or Controlling Person unless (i) the employment of such counsel at the expense of the Company shall have been authorized in writing by the Company in connection with the defense of such action, or (ii) the Company shall not have employed counsel to have charge of the defense of such action, or (iii) such indemnified party or parties shall have reasonably concluded that there may be defenses available to it or them which are different from or additional to those available to the Company (in which case the Company shall not have the right to direct the defense of such action on behalf of the indemnified party or parties), in any of which events the reasonable fees and expenses of not more than one additional firm of attorneys selected by such Underwriter (in addition to local counsel), and/or Controlling Person shall be borne by the Company. Notwithstanding anything to the contrary contained herein, if any Underwriter Controlling Person shall assume the defense of such action as provided above, the Company shall have the right to approve the terms of any settlement of such action which approval shall not be unreasonably withheld.

6.3 Indemnification of the Company. Each Underwriter severally and not jointly agrees to indemnify and hold harmless the Company, its directors, officers and employees and agents who control the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act against any and all loss, liability, claim, damage and expense described in the foregoing indemnity from the Company to such Underwriter, as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions made in any Preliminary Prospectus, if any, the Registration Statement or Prospectus or any amendment or supplement thereto or in any application, in reliance upon, and in strict conformity with, written information furnished to the Company with respect to such Underwriter by or on behalf of such Underwriter expressly for use in such Preliminary Prospectus, if any, the Registration Statement or Prospectus or any amendment or supplement thereto or in any such application. In case any action shall be brought against the Company or any other Person so indemnified based on any Preliminary Prospectus, if any, the Registration Statement or Prospectus or any amendment or supplement thereto or any application, and in respect of which indemnity may be sought against such Underwriter, such Underwriter shall have the rights and duties given to the Company, and the Company and each other Person so indemnified shall have the rights and duties given to such Underwriter by the provisions of this Article VI. Notwithstanding the provisions of this Section 6.3, no Underwriter shall be required to indemnify the Company for any amount in excess of the underwriting discounts and commissions applicable to the Public Securities purchased by such Underwriter. The Underwriters' obligations in this Section 6.3 to indemnify the Company are several in proportion to their respective underwriting obligations and not joint.

6.4 Contribution.

(a) Contribution Rights. In order to provide for just and equitable contribution under the Securities Act in any case in which (i) any Person entitled to indemnification under this Article VI makes a claim for indemnification pursuant hereto but it is judicially determined (by the entry of a final judgment or decree by a court of competent jurisdiction and the expiration of time to appeal or the denial of the last right of appeal) that such indemnification may not be enforced in such case notwithstanding the fact that this Article VI provides for indemnification in such case, or (ii) contribution under the Securities Act, the Exchange Act or otherwise may be required on the part of any such Person in circumstances for which indemnification is provided under this Article VI, then, and in each such case, the Company and each Underwriter, severally and not jointly, shall contribute to the aggregate losses, liabilities, claims, damages and expenses of the nature contemplated by said indemnity agreement incurred by the Company and such Underwriter, as incurred, in such proportions that such Underwriter is responsible for that portion represented by the percentage that the underwriting discount appearing on the cover page of the Prospectus bears to the initial offering price appearing thereon and the Company is responsible for the balance; provided, that, no Person guilty of a fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. For purposes of this Section, each director, officer and employee of such Underwriter or the Company, as applicable, and each Person, if any, who controls such Underwriter or the Company, as applicable, within the meaning of Section 15 of the Securities Act shall have the same rights to contribution as such Underwriter or the Company, as applicable. Notwithstanding the provisions of this Section 6.4, no Underwriter shall be required to contribute any amount in excess of the underwriting discounts and commissions applicable to the Public Securities purchased by such Underwriter. The Underwriters' obligations in this Section 6.4 to contribute are several in proportion to their respective underwriting obligations and not joint.

(b) Contribution Procedure. Within fifteen days after receipt by any party to this Agreement (or its representative) of notice of the commencement of any action, suit or proceeding, such party will, if a claim for contribution in respect thereof is to be made against another party ("contributing party"), notify the contributing party of the commencement thereof, but the failure to so notify the contributing party will not relieve it from any liability which it may have to any other party other than for contribution hereunder. In case any such action, suit or proceeding is brought against any party, and such party notifies a contributing party or its representative of the commencement thereof within the aforesaid fifteen days, the contributing party will be entitled to participate therein with the notifying party and any other contributing party similarly notified. Any such contributing party shall not be liable to any party seeking contribution on account of any settlement of any claim, action or proceeding affected by such party seeking contribution without the written consent of such contributing party. The contribution provisions contained in this Section 6.4 are intended to supersede, to the extent permitted by law, any right to contribution under the Securities Act, the Exchange Act or otherwise available.

ARTICLE VII.
MISCELLANEOUS

7.1 Termination.

(a) Termination Right. The Representative shall have the right to terminate this Agreement at any time prior to any Closing Date, (i) if any domestic or international event or act or occurrence has materially disrupted, or in its opinion will in the immediate future materially disrupt, general securities markets in the United States; or (ii) if trading on any Trading Market shall have been suspended or materially limited, or minimum or maximum prices for trading shall have been fixed, or maximum ranges for prices for securities shall have been required by FINRA or by order of the Commission or any other government authority having jurisdiction, or (iii) if the United States shall have become involved in a new war or an increase in major hostilities, or (iv) if a banking moratorium has been declared by a New York State or federal authority, or (v) if a moratorium on foreign exchange trading has been declared which materially adversely impacts the United States securities markets, or (vi) if the Company shall have sustained a material loss by fire, flood, accident, hurricane, earthquake, theft, sabotage or other calamity or malicious act which, whether or not such loss shall have been insured, will, in the Representative's opinion, make it inadvisable to proceed with the delivery of the Public Securities, or (vii) if the Company is in material breach of any of its representations, warranties or covenants hereunder, or (viii) if the Representative shall have become aware after the date hereof of such a material adverse change in the conditions or prospects of the Company, or such adverse material change in general market conditions as in the Representative's judgment would make it impracticable to proceed with the offering, sale and/or delivery of the Public Securities or to enforce contracts made by the Underwriters for the sale of the Public Securities.

(b) Expenses. In the event this Agreement shall be terminated pursuant to Sections 7.1(a)(ii) or 7.1.(a)(vii), within the time specified herein or any extensions thereof pursuant to the terms herein, the Company shall be obligated to pay to the Representative its actual and accountable out of pocket expenses related to the transactions contemplated herein then due and payable, including the fees and disbursements of Representatives U.S. and Canadian legal counsels of $175,000.

(c) Indemnification. Notwithstanding any contrary provision contained in this Agreement, any election hereunder or any termination of this Agreement, and whether or not this Agreement is otherwise carried out, the provisions of Article VI shall not be in any way effected by such election or termination or failure to carry out the terms of this Agreement or any part hereof.

7.2 Entire Agreement. The Transaction Documents, together with the exhibits and schedules thereto, the Prospectus and the Prospectus Supplement, contain the entire understanding of the parties with respect to the subject matter hereof and thereof and supersede all prior agreements and understandings, oral or written, with respect to such matters, which the parties acknowledge have been merged into such documents, exhibits and schedules.

7.3 Notices. Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be in writing and shall be deemed given and effective on the earliest of: (a) the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number or e-mail attachment at the email address set forth on the signature pages attached hereto at or prior to 5:30 p.m. (New York City time) on a Trading Day, (b) the next Trading Day after the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number or e-mail attachment at the e-mail address as set forth on the signature pages attached hereto on a day that is not a Trading Day or later than 5:30 p.m. (New York City time) on any Trading Day, (c) the second (2^{nd}) Trading Day following the date of mailing, if sent by U.S. nationally recognized overnight courier service or (d) upon actual receipt by the party to whom such notice is required to be given. The address for such notices and communications shall be as set forth on the signature pages attached hereto.

7.4 Amendments; Waivers. No provision of this Agreement may be waived, modified, supplemented or amended except in a written instrument signed, in the case of an amendment, by the Company and the Representative. No waiver of any default with respect to any provision, condition or requirement of this Agreement shall be deemed to be a continuing waiver in the future or a waiver of any subsequent default or a waiver of any other provision, condition or requirement hereof, nor shall any delay or omission of any party to exercise any right hereunder in any manner impair the exercise of any such right.

7.5 Headings. The headings herein are for convenience only, do not constitute a part of this Agreement and shall not be deemed to limit or affect any of the provisions hereof.

7.6 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their successors and permitted assigns.

7.7 Governing Law. All questions concerning the construction, validity, enforcement and interpretation of the Transaction Documents shall be governed by and construed and enforced in accordance with the internal laws of the State of New York, without regard to the principles of conflicts of law thereof. Each party agrees that all legal proceedings concerning the interpretations, enforcement and defense of the transactions contemplated by this Agreement and any other Transaction Documents (whether brought against a party hereto or its respective affiliates, directors, officers, shareholders, partners, members, employees or agents) shall be commenced exclusively in the state and federal courts sitting in the City of New York. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in the City of New York, Borough of Manhattan for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein (including with respect to the enforcement of any of the Transaction Documents), and hereby irrevocably waives, and agrees not to assert in any action, suit or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is improper or is an inconvenient venue for such proceeding. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by law. If either party shall commence an action or proceeding to enforce any provisions of the Transaction Documents, then, in addition to the obligations of the Company under Article VI, the prevailing party in such action, suit or proceeding shall be reimbursed by the other party for its reasonable attorneys' fees and other costs and expenses incurred with the investigation, preparation and prosecution of such action or proceeding.

7.8 Survival. The representations and warranties contained herein shall survive the Closing and the Option Closing, if any, and the delivery of the Public Securities.

7.9 Execution. This Agreement may be executed in two or more counterparts, all of which when taken together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to each other party, it being understood that the parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a ".pdf" format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or ".pdf" signature page were an original thereof.

7.10 Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their commercially reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

7.11 Remedies. In addition to being entitled to exercise all rights provided herein or granted by law, including recovery of damages, the Underwriters and the Company will be entitled to specific performance under the Transaction Documents. The parties agree that monetary damages may not be adequate compensation for any loss incurred by reason of any breach of obligations contained in the Transaction Documents and hereby agree to waive and not to assert in any action for specific performance of any such obligation the defense that a remedy at law would be adequate.

7.12 Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Business Day, then such action may be taken or such right may be exercised on the next succeeding Business Day.

7.13 Construction. The parties agree that each of them and/or their respective counsel have reviewed and had an opportunity to revise the Transaction Documents and, therefore, the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of the Transaction Documents or any amendments thereto. In addition, each and every reference to share prices and Common Shares in any Transaction Document shall be subject to adjustment for reverse and forward stock splits, stock dividends, stock combinations and other similar transactions of the Common Shares that occur after the date of this Agreement.

7.14 **WAIVER OF JURY TRIAL. IN ANY ACTION, SUIT, OR PROCEEDING IN ANY JURISDICTION BROUGHT BY ANY PARTY AGAINST ANY OTHER PARTY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY, THE PARTIES EACH KNOWINGLY AND INTENTIONALLY, TO THE GREATEST EXTENT PERMITTED BY APPLICABLE LAW, HEREBY ABSOLUTELY, UNCONDITIONALLY, IRREVOCABLY AND EXPRESSLY WAIVE FOREVER ANY RIGHT TO TRIAL BY JURY.**

(Signature Pages Follow)

If the foregoing correctly sets forth the understanding between the Underwriters and the Company, please so indicate in the space provided below for that purpose, whereupon this letter shall constitute a binding agreement among the Company and the several Underwriters in accordance with its terms.

Very truly yours,

AVINO SILVER & GOLD MINES LTD.

By: */s/ David Wolfin*
Name: David Wolfin
Title: President and Chief Executive Officer

Address for Notice:

Avino Silver & Gold Mines Ltd.
Suite 900, 570 Granville Street
Vancouver, BC V6C 3P1
Attention: David Wolfin
Facsimile: (604) 682-3600

and with a copy to:

Lewis Brisbois Bisgaard & Smith LLP
333 Bush Street, Suite 1100
San Francisco, CA 94104
Attention: Daniel B. Eng
Facsimile: (415) 434-0882

and:

Salley Bowes Harwardt Law Corp.
1750-1185 West Georgia Street
Vancouver, BC V6E 4E6
Attention: Paul Bowes
Facsimile: (604) 688-0778

Accepted on the date first above written.
H.C. WAINWRIGHT & CO., LLC
As the Representative of the several
Underwriters listed on Schedule I
By: H.C. Wainwright & Co., LLC

By: */s/ Mark W. Viklund*
Name: Mark W. Viklund
Title: Chief Executive Officer

Address for Notice:

430 Park Avenue
New York, New York 10022
Attention: Mark W. Viklund
E-mail: mviklund@hcwco.com

Copy to:

Ellenoff Grossman & Schole LLP
1345 Avenue of the Americas, 11th Floor
New York, New York 10105
Attention: Robert Charron
Facsimile: (212) 401-4741

EXHIBIT 8.1

List of Subsidiaries

Subsidiary	Ownership Interest	Jurisdiction
Oniva Silver and Gold Mines S.A. de C.V.	100%	Mexico
Nueva Vizcaya Mining S.A. de C.V.	100%	Mexico
Promotora Avino, S.A. de C.V. ("Promotora")	79.09%	Mexico
Compañía Minera Mexicana de Avino, S.A. de C.V. ("Avino Mexico")	98.45% direct 1.22% indirect (Promotora) 99.67% effective	Mexico
Bralorne Gold Mines Ltd.	100%	Canada

EXHIBIT 12.1

CERTIFICATION

I, David Wolfin, certify that:

1. I have reviewed this Annual Report on Form 20-F of Avino Silver & Gold Mines Ltd.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: March 21, 2019

/s/ David Wolfin
David Wolfin, Principal Executive Officer

EXHIBIT 12.2

CERTIFICATION

I, Nathan Harte, certify that:

1. I have reviewed this Annual Report on Form 20-F of Avino Silver & Gold Mines Ltd.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: March 21, 2019

/s/ Nathan Harte
Nathan Harte, Principal Financial Officer

EXHIBIT 13.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Avino Silver & Gold Mines Ltd. (the "Company") on Form 20-F for the period ended December 31, 2018 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David Wolfin, Principal Executive Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge and belief:

(1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 21, 2019

/s/ David Wolfin
David Wolfin, Principal Executive Officer

EXHIBIT 13.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Avino Silver & Gold Mines Ltd. (the "Company") on Form 20-F for the year ended December 31, 2018 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Nathan Harte, Principal Financial Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge and belief:

(1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 21, 2019

/s/ Nathan Harte
Nathan Harte, Principal Financial Officer

EXHIBIT 13.3

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference of our report dated February 27, 2019, relating to the consolidated financial statements of Avino Silver & Gold Mines Ltd. included in the Annual Report on Form 20-F of Avino Silver & Gold Mines Ltd. for the year ended December 31, 2018 to the Company's Registration Statements on Form S-8 (SEC File No.: 333-195120), Form F-3 (SEC File Nos.: 333-226963) and Form F-10 (SEC File No.: 333-214396).

/s/ Manning Elliott LLP

Vancouver, Canada
March 21, 2019

EXHIBIT 13.4

CONSENT OF EXPERT

We hereby consent to the use of our name contained in the technical report on the Property in the Durango Mining District of Mexico dated February 21, 2018 entitled "Mineral Resource Estimate Update for the Avino Property, Durango, Mexico dated February 21, 2018" by Tetra Tech Canada Inc. and subsequently amended on December 19, 2018 entitled Amended Mineral Resource Estimate Update for the Avino Property, Durango, Mexico dated December 19, 2018 and the reference as an expert contained in the Annual Report of Avino Silver & Gold Mines Ltd. on Form 20-F for the fiscal year ended December 31, 2018 and incorporated by reference to the Company's Registration Statements on Form S-8 (SEC File No.: 333-195120), Form F-3 (SEC File No.: 333-226963) and Form F-10 (SEC File No.: 333-214396).

TETRA TECH CANADA INC.

Dated: March 21, 2019

/s/ Hassan Ghaffari
Hassan Ghaffari, P.Eng.

EXHIBIT 13.5

CONSENT OF EXPERT

We hereby consent to the use of our name contained in the technical report on the Property in the Durango Mining District of Mexico dated February 21, 2018 entitled "Mineral Resource Estimate Update for the Avino Property, Durango, Mexico dated February 21, 2018" by Tetra Tech Canada Inc. and subsequently amended on December 19, 2018 entitled Amended Mineral Resource Estimate Update for the Avino Property, Durango, Mexico dated December 19, 2018 and the reference as an expert contained in the Annual Report of Avino Silver & Gold Mines Ltd. on Form 20-F for the fiscal year ended December 31, 2018 and incorporated by reference to the Company's Registration Statements on Form S-8 (SEC File No.: 333-195120), Form F-3 (SEC File No.: 333-226963) and Form F-10 (SEC File No.: 333-214396).

AUSENCO ENGINEERING CANADA INC. (previously with QG AUSTRALIA (PTY) LTD.)

Dated: March 21, 2019

/s/ Michael O'Brien
Michael O'Brien, P. Geo

EXHIBIT 13.6

CONSENT OF EXPERT

We hereby consent to the use of our name contained in the technical report on the Property in the Bralorne of British Columbia, Canada dated October 20, 2016 entitled "Bralorne Gold Mine, British Columbia Canada" by Kirkham Geosystems Ltd. and the reference as an expert contained in the Annual Report of Avino Silver & Gold Mines Ltd. on Form 20-F for the fiscal year ended December 31, 2018 and incorporated by reference to the Company's Registration Statements on Form S-8 (SEC File No.: 333-195120), Form F-3 (SEC File No.: 333-226963) and Form F-10 (SEC File No.: 333-214396).

KIRKHAM GEOSYSTEMS LTD.

Dated: March 21, 2019

/s/ Garth Kirkham
Garth Kirkham, P. Geo

EXHIBIT 13.7

CONSENT OF EXPERT

We hereby consent to the use of our name contained in the technical report on the Bralorne Project, BC, Canada with an effective date of October 20, 2016, and the reference as an expert contained in the Annual Report of Avino Silver & Gold Mines Ltd. on Form 20-F for the fiscal year ended December 31, 2018 and incorporated by reference to the Company's Registration Statements on Form S-8 (SEC File No.: 333-195120), Form F-3 (SEC File No.: 333-226963) and Form F-10 (SEC File No.: 333-214396).

Dated: March 21, 2019

/s/ Jasman Yee

Jasman Yee, P. Eng.

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IT IS NOT A PART OF EDGAR SUBMISSION