

Transcript of
Avino Silver & Gold Mines Ltd.
Avino Silver & Gold Mines Ltd. Q4 and Year End 2025 Financial Results Conference
Call & Webcast
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Participants

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

Analysts

Heiko Ihle - H.C. Wainwright
Jake Sekelsky - Alliance Global Partners
Joseph Reagor - ROTH Capital Partners
Chen Lin - Lin Asset Management

Presentation

Operator

Good day, and welcome to the Avino Silver & Gold Mines Fourth Quarter and Year-End 2025 Financial Results Conference Call and Webcast. As a reminder, all participants are on a listen-only mode. And this conference is being recorded. After the presentation, there will be an opportunity to ask questions. [Operator Instructions].

I would now like to turn the conference over to Jennifer North, Head of Investor Relations. Ma'am, please go ahead.

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

Thank you, operator. Good morning, everyone, and welcome to Avino's Q4 and year-end 2025 earnings call and webcast. To join this webcast and conference call, there is a link in our news release of yesterday's date, which can be found on our new website under Investors Center, then News and Media. In addition, a link can be found on the home page of the Avino website. The full financial statements and MD&A are now available on our website under the Investor Center tab then Reports and Financials. In addition, the full statements are available on Avino's profile on SEDAR+ and on EDGAR.

Before we get started, I remind you to view our precautionary language regarding forward-looking statements and the risk factors pertaining to these statements. And

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

For additional information, we refer you to our detailed cautionary note in the presentation related to this call or on our press release of yesterday's date. On the call today, we have the company's President and CEO, David Wolfin; our Chief Financial Officer, Nathan Harte; our Chief Operating Officer, Carlos Rodriguez; and our VP of Technical Services, Peter Latta.

I would like to remind everyone that this conference call is being recorded and will be available for replay later today. The replay information and the presentation slides from this conference call and webcast will be available on the website. Also, please note that all figures stated are in U.S. dollars unless otherwise noted. Thank you. I will now hand over the call to Avino's President and CEO, David Wolfin. David?

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

Thanks, Jen. Good morning, everyone, and welcome to Avino's Q4 and year-end earnings call and webcast. We will cover the highlights of our financial operating performance, and then we will summarize our goals for 2026, followed by a Q&A. I'll start with the discussion on operations and overall performance, and then I will turn it over to Nathan Harte, Avino's CFO, to discuss the financial performance for this period. Please turn to Slide 5. We are transforming Avino from a single mine operator into a multi-asset Mexican mid-tier producer. Avino achieved a number of important milestones in 2025, underpinned by strong performance at the Avino mine and the commencement of development and material extraction at La Preciosa.

The fourth quarter of 2025 represents a return to being a primary silver producer as silver production represented over 50% of our consolidated silver equivalent production and puts us on our way to our long-term target. Our continued investment in infrastructure development and mine optimization reflects a disciplined approach to being a scalable multi-asset production platform. As we look forward and focus remains on executing the next phase of our growth strategy and delivering long-term value for our shareholders. The first key driver contributing to our success in 2025 was our continued disciplined approach to financial management and capital allocation.

At the end of the year, Avino achieved record revenues of \$92.2 million and held cash of \$102 million and working capital position of \$99 million, providing another quarter of strong financial performance. A strong balance sheet will provide the foundation to support our transformational growth plan to become a Mexican-focused mid-tier primary silver producer. Nathan will provide a detailed overview of the financials later in the call. The next key driver stem from increased development tonnage at La Preciosa.

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We commenced extraction, haulage and processing of mineralized development material from La Preciosa during the quarter at an average rate of 200 tonnes per day. In total, 11,995 tonnes of material was processed at the Avino milling and processing facility, which is located 19 kilometers away from the entrance of La Preciosa mine.

The third driver reflected portfolio optimization highlighted by the August announcement of the acquisition of outstanding royalties and contingent payments on La Preciosa. This milestone reinforces the consolidation of ownership at La Preciosa, improving project economics and operational flexibility. Removing third-party obligation reduces complexity and strengthens Avino's asset portfolio. We believe this enhances shareholder value by strengthening our portfolio and positioning Avino for sustained growth.

Another key driver underpinning our results is the commitment we have made to strategic exploration and drilling to further unlock additional resource potential. We reported drill results from La Preciosa in October 2025, which followed up from August 2025 drilling. We also announced further holes in January of this year. The results exceeded our expectations. Highlights included 7.9 meters true width of 1.6 kilograms of silver, two grams gold, including 15 kilograms of silver and 1.55 grams gold over 0.37 meters of true width. Another significant intercept was over 5 meters of true width of 787 grams silver and 0.5 gram of gold.

The full results are available in the news release, which can be found on our website. The intercepts are significantly higher than the average grades outlined in our current resource highlighting the potential we aim to capture by using underground mining methods.

In addition, larger widths encountered at both La Gloria and Abundancia were welcome surprise underscoring that there is still much to learn about the deposit despite the 1,500 drill holes on the property and substantial exploration investment performed by previous operators. Since acquiring La Preciosa, we have learned that recent drilling intercepts suggest wider vein structures on Gloria. Original mine plan is evolving to reflect improved geological understanding, optimization opportunities are being identified that could reduce mining costs, engaged independent engineers to deliver a strategic plan that looks beyond the original project scope.

The next driver was increasing silver revenues at the right time, a return to primary silver with 54% of our revenue in Q4 and record revenues, operational cash flow and free cash flow generation in Q4. Our final driver for Q4 and year-end include stronger metal prices alongside increasing market recognition.

Higher metal prices at the end of 2025 and into early 2026 have supported our strong performance. Avino continued growth and strengthened market recognition resulted in being named fifth among the top-performing companies on the Toronto Stock Exchange 2025 TSX30. For the three years ended June 30, 2025, Avino's share

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price performance increased 610% and a market capitalization increased 778%. In addition to this, Avino has been added to several ETFs, including Market Vectors Junior Gold Miners Index, and VanEck Junior Gold Miners ETF, the GDXJ. Global X Silver Miners and more.

ETF inclusion signals institutional recognition while improving liquidity and expanding global investor access. These achievements demonstrate the meaningful progress made in advancing Avino's transformational growth strategy while reinforcing the company's investment case. Moving to Slide 6, we turn to our Q4 year-end 2025 production results, which were released in mid-January and reflect steady operational performance.

On this slide, we show our production results compared to Q4 and year-end 2024, with production remaining consistent at approximately 2.6 million silver equivalent ounces while total mill feed increased 14% year-over-year. On Slide 7, we highlighted production by operation, showing contributions from both Avino and La Preciosa for the year. We are particularly pleased to add just under 12,000 tonnes of La Preciosa material to our production results. At this time, I will now hand it over to Nathan Harte, Avino's CFO, to present our record financial performance for Q4 and year-end 2025. Nathan?

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

Thank you, David, and thank you to all of you for taking the time to join us as we recap a record year with our financial and operating results for the fourth quarter and full year 2025. Here on Slide 8, we have an overview of some key financial and operating highlights and our improved balance sheet with the full table on the next slide. In the fourth quarter, we generated record revenues of over \$30 million and a further record of \$92 million for the full year despite lower ounces sold. With higher silver production, the fourth quarter marks a return to primary silver with revenues of 54% being generated from silver in the quarter with expectations of that to continue into 2026 and beyond.

Gross profit was \$17.8 million and on a cash basis, \$19 million after removing noncash expenses. The gross profit margin was 58%, inclusive of the noncash items and 62% excluding these items. This has significantly improved from the 43% margin in the fourth quarter of last year as well as the 46% in the third quarter.

Avino earned its highest ever earnings for Q4 and the full year 2025, with \$10.5 million in net income or \$0.06 per share in the fourth quarter, beating last quarter's record of \$7.7 million and \$0.05 per share. For the full year 2025, net income was \$26.6 million or \$0.17 per share, a significant improvement over last year's net income of \$8.1 million or \$0.06 per share.

Fourth quarter adjusted earnings were a record \$16.3 million or \$0.10 per share compared to \$10 million or \$0.07 per share in Q4 of last year. The 2025 full year adjusted earnings were a record \$46.5 million or \$0.29 per share compared to \$21

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million or \$0.15 per share in 2024. Operating cash flows and free cash flow both improved in the fourth quarter compared to last year as well as compared to this previous quarter. We generated operating cash flows before working capital adjustments of \$19 million or \$0.12 per share. For the full year, Avino generated \$35.3 million in operating cash flows or \$0.22 per share, with figures being quarterly and annual records.

Fourth quarter free cash flow generation was \$15.6 million, excluding La Preciosa development costs and the annual free cash flow generation was just over \$24 million.

Moving to liquidity and treasury. Our cash position was a record \$102 million at the end of the year, and working capital was just shy of \$100 million. Avino has no secured debt other than leases on operating equipment at both Avino and La Preciosa mining operations. Coming to Slide 9, we see all other financial metrics for the fourth quarter and full year as well as the year-over-year changes.

As everyone can see, almost all categories saw meaningful increases. Highlighting again some of the key per share metrics for the quarter, where we saw a \$0.06 earnings per share and \$0.10 on an adjusted earnings basis. Operating cash flows before working capital changes was \$0.12 per share and free cash flow generated, excluding La Preciosa, was \$15.6 million, translating to \$0.09 per share.

For the year, net income was \$0.17 per share and adjusted earnings was \$0.29 per share. Operating cash flows before working capital changes was \$0.22 per share and free cash flow was \$0.16 per share or \$24.3 million. Here on Slide 10, we have an overview of operating results on a per ounce and tonne basis as well as margins at our operations.

Cash cost per silver equivalent payable ounce for 2025 was \$16.13, a 9% increase compared to \$14.84 in 2024. All-in sustaining cash costs were \$23.75 for the year, a 15% increase from \$20.57 in 2024. On a per tonne basis, cash costs were \$53.69, which was down 3% compared to \$59.43 in 2024, and all-in cost per tonne were flat compared to 2024, with both years being around \$78 per tonne, demonstrating the consistency of our operations. Our mine operating income and margins for 2025 were significantly increased from 2024, with margins at 53% on the year and \$48.5 million in mine operating income generated, once again, demonstrating the leverage producers have in this price environment.

In the fourth quarter, we did see some increase in costs for a few reasons: one being the addition of processing Le Preciosa development material and I do want to remind everyone that this is development material running through the mill. We are in a unique position that a lot of the development at Le Preciosa is in ore and has allowed us to offset some of the costs associated with development work we would have had to do regardless. These costs for La Preciosa are not indicative of long-term cost per ounce and per tonne expectations. However, at current metal prices, each tonne of development material mined is being done so at a profit.

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One other item to highlight is that the movement in silver price did have an impact on our silver equivalent payable ounce calculation, which did have an impact on our cash cost per ounce figures and all-in sustaining cash cost per ounce figures. Using prices from our forecast at the beginning of 2025 of \$30 silver, \$2,700 per ounce of gold and \$9,200 per tonne of copper, our cash cost per ounce for the fourth quarter and full year would have come in at \$16.56 and \$15.17, respectively, in line with our expectations when we set out at the beginning of 2025. On an all-in sustaining cash cost basis, a similar story is told with the silver price impacting figures.

Using the same budget prices, our all-in sustaining cost per ounce of silver equivalent payable ounce was \$26.68. Our full year 2025 figure would have been \$22.43, once again, more in line with expectations. We look forward to further economies of scale as La Preciosa begins contributing more and more to our overall production profile in 2026 in the coming years.

Flipping back to the revenue side. Here are our expectations for production by metal moving forward. Given the recent price movement in silver, we expect that the silver portion as it relates to revenues will be higher than the estimated production by metal figures shown here. In the fourth quarter, Avino generated 54% of its revenues from silver, marking the first quarter with over 50% in silver revenues since we were operating the San Gonzalo mine prior to 2020 and delivering on our promise of a return to primary silver for our future. At this point, I will now turn it back over to David to run through upcoming activities.

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

Thanks, Nathan. As we summarize our key goals for 2026, our focus remains on strategic exploration and drilling to unlock the full potential of a resource base. This includes the integration of AI technology to enhance data analysis, improve target generation, increase overall exploration efficiency. We are currently integrating our historical and ongoing geological data into AI-driven models to support the resource and reserve expansion and to identify new exploration opportunities. In 2026, we have planned approximately 30,000 meters of drilling with 15,000 meters allocated to each of the Avino and Le Preciosa projects. We also look forward to releasing updated mineral resource estimates and announcing our inaugural mineral reserves at the end of the first half of the year.

At La Preciosa, our goal is to reach a production rate of 500 tonnes per day. As outlined on Slide 13, I'd like to again highlight the company's growth strategy. Within a 20-kilometer footprint, we have three key assets, including the operating mill complex which currently processes material from Avino and La Preciosa.

We have access to water power tailing storage critical infrastructure that supports our ability to expand production efficiently. Collectively, our assets host 277 million silver equivalent ounces in the measured and indicated mineral resources and additional 94 million silver equivalent ounces in the inferred mineral resources,

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providing a strong foundation for future growth. All of our operations are in a safe jurisdiction of Durango, Mexico in an area of rolling farmland with several small communities located near both the Avino and La Preciosa projects.

We are proud to be one of the largest employers in this area, supported by 100% Mexican workforce drawn largely from the surrounding communities. Alongside our operational growth initiatives, we continue to advance our CSR programs across both Avino and La Preciosa, supporting local communities and contributing to long-term social and economic development in the region.

Our Investor Relations team is currently preparing the company's second annual sustainability report which will be published on our website upon completion. The report is intended to provide transparency on how responsible mining practices, strong governance and community engagement support Avino's operational performance and long-term growth.

Avino's strong operating foundation supports our long-term growth strategy. As you can see on this slide, our goal is to scale up by 2029 through contributions from our three key assets by leveraging our existing infrastructure assets and resource base, we believe we are well positioned to execute our growth plans efficiently and effectively. We concluded the quarter and the year with more record-breaking financial metrics, which reflects the strength of our strategy and the dedication of our team, both which drive our success as we pursue the next phase of growth. On behalf of the leadership, thank you to our entire team for your efforts and contributions.

With a clear growth strategy, a strong balance sheet and significant resource potential across our assets, we believe Avino is well positioned to create lasting value for our shareholders. We'd now like to move the call to the question-and-answer portion. Operator?

Operator

Thank you. Ladies and gentlemen, at this time we will be conducting a question-and-answer session. [Operator Instructions]. Thank you. Our first question is coming from Heiko Ihle with H.C. Wainwright. Your line is live.

Q: Hello, David and team. Thanks for taking my questions.

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

Hey, Heiko.

Q: So just thinking out loud here, I mean, there is obviously a newfound fear in the market. Just trying to see what you think this will do to M&A opportunities. I mean, we've got silver at \$85, we get gold just below \$5,200. Is the opportunity that you're seeing offsets by just the fear in the market or do you see discount rates being at a

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place where there might be interesting things out there? Just sort of what are you seeing?

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

Heiko, Nathan here. I'll take that one. And we always say this, but everything is for sale at the right price. I don't think the markets will generally dictate fully all the M&A moves in the industry. Given current prices and the discount rate environment, there's obviously some good stuff out there. But if we're looking at specifically how it affects us, I think we're focused on organic growth and what we already have.

Q: Fair enough. Speaking of the things you already have, I mean, again, obviously, the price environment has changed markedly over the past three, six, 12 months. What are you seeing with labor costs and should there be anything that maybe we should change in our model compared to where we were a year ago?

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

Yes, I'll take this one again, Heiko. On labor costs, I think we saw a huge jump in 2025 and 2024. Obviously, the post-COVID inflation kind of hit everyone in the mining industry. That has stabilized a little bit based on what we're seeing. But obviously, in a rising price environment, there's generally a little bit of cost creep. So we're just doing our best to manage that. I don't think there's any -- we're not expecting any material changes at this time.

Q: Okay. So once we get the Q1 numbers, right, or once we -- yes, once we get the Q1 numbers, we're going to sort of use those and trend line them a bit.

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

I would say that's fair, yes. Thanks.

Q: Okay, back in queue. Thank you guys.

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

Thanks, Heiko.

Operator

Thank you. Our next question is coming from Jake Sekelsky with Alliance Global Partners.

Q: Hey, David, Nathan and team. Thanks for taking my questions. So just looking at the strong balance sheet. I'm just curious, are there any levers you feel you might be able to pull in order to accelerate some of the planned work at La Preciosa?

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

We just ordered a new jumbo. Well, actually a new jumbo. So that's going to help. Basically, it's underground development work. So we're working on that. SRK Engineering, looking at a larger mine plan. So these are the things that we're looking at. Anything else?

Q: Okay. That's helpful. And on that larger mine plan scenario, when do you think we might see some news on that front?

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

Hi, Jake, Peter here. Yes, we're evaluating a few different scenarios here, and we just want to take our time with it because obviously, it's a volatile environment and we really want to evaluate a number of different options because we do have all this optionality with the deposit, with the size that it is and how we integrate those two operations now, including how that dovetails with the oxide tailings that third leg in the stool. So we're really taking our time with that optimization.

Q: Got it. Okay, that is all from me. Thanks again.

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

Thanks, Jake.

Operator

Thank you. Our next question is coming from Richard Larson [ph], who is an Investor. Sir, your line is live.

Q: Yes. My question is about your share count and your at the money. I realized silver prices have kind of suck for 15 years. So it's tempting to issue shares, strengthen the balance sheet. But just looking out two, three, four years, you could be doing 8 million production at margins of \$60 kind of mine operating income. And I guess I'm wondering, what's your strategy on potential capital returns or at least minimizing the amount of share dilution? And how are you thinking about going forward that on the balance sheet, that sort of thing?

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

Yes, it's a fair question. Nathan Harte here. So obviously, shareholder returns are pretty prevalent in the industry, and it's a big discussion point at this time. We do have a few levers we're looking at and some stuff that's in the works. But at this time, we're focused on delivering the organic growth, and that will require capital. Having said that, the use of the ATM has really been as we've hit 52-week or all-time highs. And so now, obviously, we've seen a little bit of a market pullback so we're staying put at this time.

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Q: Okay, thank you. Appreciate it.

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

Thanks for the question.

Operator

Thank you. Our next question is coming from Joseph Reagor with ROTH Capital Partners. Your line is live.

Q: Hey, David, Nathan and team. Thanks for taking my questions. Jay kind of touched on this already, but just kind of thinking about you've got over \$100 million on the balance sheet. And I realize you're going through options, but is it fair to say that we can start assuming there will be some form of mill expansion coming within the next year or two?

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

Absolutely.

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

Yes. That's a safe assumption, Joe. We're doing the work right now to figure out what's the appropriate size and whether it's at just Avino -- or potentially both. But yes, we will let the market know once we've made some ideas and decisions on that.

Q: Okay. Okay. That's fair. And then as you think about kind of the operating cost side, obviously, inflation has been putting a lot of pressure on everybody, not just you guys. Is there any optimization things that you guys can do to bring down operating costs? Or is it given the margins are where they are, that that's not a huge focus.

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

Yes. I think as you mentioned before, inflation has hit the industry more so in previous years, not necessarily in the last year or so. But as far as operating costs go, we're seeing fairly consistent operating cost. Obviously, there's some volatility in the world with the diesel and gasoline prices. But on the labor side, we're seeing fairly stable increases as we reward our employees, but fairly stable.

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

Tonnage cost.

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

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Yes. Our cost per tonne has been -- I think the evidence of that is in our cost per tonne. You see that year-over-year, and it's very steady.

Q: Right. And can you remind us how much exposure you guys have to diesel prices? Like what percentage of cost is fuel.

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

Yes. It's not overly high. I'll be honest, unlike some of the fairly capital-intensive operations that are out there. But we're not talking high double-digits or anything like that. I'd have to give you an exact number offline, if you want. But in Mexico, there it's fairly subsidized by the government, and so prices don't get too out of whack.

Q: Okay, fair enough. I will turn it over. Thanks guys.

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

Thank you.

Operator

Thank you. Our next question is coming from Chen Lin with Lin Asset Management. Your line is live.

Q: Thank you, Dave and Nathan for taking my questions. And great year, congratulations. I'm just curious because some of my questions already got answered. Just curious, do you see any chance with the changing Mexico more promising environment, La Preciosa can potentially be open pit? Or are you just going to continue the underground operations?

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

Thanks, Chen. That's one of the scenarios and the four scenarios we're looking at. Coeur did a feasibility study back in 2013, so it's outdated. So we're revisiting that.

Q: Okay. So if the potentially Mexico open for the open pit, what kind of impact they have for your production outlook or you need to upgrade your mill much more significantly?

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

Yes, Chen, Nathan here. I think it's premature to probably put any numbers on it, but I think if anyone wants to have a look that study is still available on SEDAR. But yes, that's obviously -- it would be a lot of growth.

Q: Okay, great. Thank you.

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Operator

Thank you. [Operator Instructions]. Okay. As we have no further questions in the queue at this time, I'd like to hand it back over to management for any closing remarks.

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

Thank you. It's been a year and a final quarter of record-breaking achievements and we remain focused on executing our organic growth plan. We look forward to building on this momentum and delivering additional milestones and sustained growth for the Avino shareholders. Thank you again for participating in our webcast and conference call. Have a great day.

Operator

Thank you. Ladies and gentlemen, this does conclude today's conference, and you may disconnect your lines at this time, and we thank you for your participation.

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