Transcript of
Avino Silver & Gold Mines Ltd.
Avino Silver & Gold Mines Ltd. Q3 2026 Financial Results Conference Call & Webcast
November 5, 2026

Participants

Jennifer North - Head of Investor Relations, Avino Silver & Gold Mines Ltd.
David Wolfin - President and CEO, Avino Silver & Gold Mines Ltd.
Nathan Harte - Chief Financial Officer, Avino Silver & Gold Mines Ltd.
Peter Latta - Senior Vice President of Technical Services, Avino Silver & Gold Mines Ltd.

Analysts

Heiko Ihle - H.C. Wainwright
Jake Sekelsky - Alliance Global Partners
Joseph Reagor - ROTH Capital Partners
Alex Terentiew - National Bank of Canada

Presentation

Operator

Good day, ladies and gentlemen, and welcome to the Avino Silver & Gold Mines Third Quarter 2026 Financial Results Conference Call and Webcast. As a reminder, all participants are in listen-only mode, and the conference is being recorded. After the presentation, there will be an opportunity to ask questions. [Operator Instructions] I would now like to turn the conference over to Jennifer North, Head of Investor Relations. 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 Q3 2026 earnings call and webcast. You may join today with a link in our news release, which was disseminated yesterday afternoon and can also be found on our website under Investor Center, then News and Media. In addition, a link can be found on the homepage 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 the forward-looking statements and the risk factors pertaining to the statements, and 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.

Transcript Provided by
ACCESS newswire

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 in yesterday's press release.

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, our Senior Vice President Technical Services, Peter Latta, and Marc Turcotte, Senior Vice President of Corporate Development. 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 our website.

Also, please note that all figures stated are in U.S. dollars unless otherwise noted. Thank you. I will now hand over the call to Avino's President and CEO, David Wolfin. David?

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

Thanks, Jen. Good morning, everyone, and welcome to Avino's third quarter 2026 earnings call and webcast. Today, we will review the highlights of our operational and financial performance, discuss the progress made across our assets, and provide an outlook on our near-term priorities. We will then open the call for questions. I'll begin with an overview of our operational performance and key developments during the quarter before turning the call over to Nathan Harte, Avino's CFO, to review our financial results.

Please turn to slide five for operational highlights. During the quarter, Avino continued to build on the progress achieved throughout the year, advancing our growth strategy while maintaining a strong focus on operational discipline and long-term value creation. Our performance was highlighted by a 15% year-over-year increase in silver production, growing contributions from La Preciosa and steady mill performance at the Avino Mine.

At La Preciosa, development activities continued to advance, with mining and processing rates exceeding 450 tons per day during the quarter. With over 3,000 meters of underground development completed, we are approaching an important transition towards production mining at the La Gloria and Abundancia veins. Development and mine preparation work on level 3 is nearing completion, positioning us to begin long-hole production mining.

The transition is expected to provide access to higher-grade material compared with the development ore processed to date. Mill circuits 1 and 2 have been processing La Preciosa development ore for two quarters, following earlier-than-planned availability of circuit number 2 during the second quarter. This additional processing capacity has supported increased contributions from La Preciosa. As we prepare for

the next phase of mining, engineering and technical studies remain ongoing to evaluate optimal mining, hauling, and processing rates over the longer term.

We continue to look at the best way to support future production growth at La Preciosa, including the potential for a standalone processing facility, while making the most of our existing infrastructure at Avino. At the Avino Mine, our focus remains on operational efficiency, disciplined cost management, and maximizing the value of our existing infrastructure. Investments in equipment, automation, and processing equipment continue to support the reliability and flexibility of our operations while providing a strong operating foundation as we advance our broader growth strategy.

Turning now to exploration. Exploration remains an important component of our strategy, with active drilling programs underway at La Preciosa and the Avino Mine. At La Preciosa, we added a third drill during the quarter and remain on track to complete our 15,000-meter exploration program by year-end. The program has progressed from infill drilling towards exploration and step-out drilling, targeting high-priority areas along vein intersections and projections.

Last week, we announced encouraging results from our latest round of infill drilling at La Preciosa, which continue to support our view of the project's geological potential. These results provide further evidence that the La Gloria and Abundancia vein structures may be wider and contain higher grades than previously interpreted in certain areas. Importantly, none of the recently reported drill holes, together with the majority of holes drilled in 2025, were incorporated into our current mineral reserve and mineral resource estimates.

In addition, much of the exploration drilling has targeted areas outside the existing resource model. We believe these results reinforce the opportunity to further define and potentially expand the mineralized system as we continue to evaluate higher tonnage mining scenarios at La Preciosa.

At the Avino mine, exploration also continued during the quarter, with two drills deployed to further evaluate the extent and characteristics of the mineralized system. Drilling has focused on upper eastern portion of the system, as well as extension targets within the footwall breccia zone. We also remain on track to complete 15,000 meters of the planned drilling at the Avino mine.

Together, these programs represent an important investment in the longer-term potential of both assets, supporting our understanding of the mineralized systems and providing opportunities for future resource growth. Moving to slide six, we turn to our consolidated third quarter production results, which were released on October 15th. Production of 303,000 silver ounces, just under 2,000 ounces of gold, 1.1 million pounds of copper, for a total of 583,000 silver equivalent ounces, with total mill feed of approximately 190,000 tons.

These results reflect steady operational performance across our processing facilities, with an increase in contribution from La Preciosa development material. Silver production increased 15% compared with the third quarter of 2025, reflecting the continued importance of silver in our overall production profile. On slide seven, we highlight production contributions from Avino and La Preciosa. At the Avino mine, production of 477,000 silver equivalent ounces, and at La Preciosa, development production increased 5% compared with the second quarter, contributing approximately 106,000 silver equivalent ounces, consisting of 91,000 silver ounces and 166 gold ounces.

Year-to-date processing of mineralized development material from La Preciosa exceeded our plan, primarily due to the earlier-than-scheduled availability of mill circuit number 2 during the second quarter. While grades remained below plan, elevated silver prices supported the economic processing of additional lower-grade development material.

The continued advancement of La Preciosa alongside the established production base at the Avino mine remains central to our strategy of building a larger multi-asset silver producer. Turning to slide eight for corporate highlights, we were very pleased to announce in September that Avino was named to the Toronto Stock Exchange 2026 TSX 30 for the second consecutive year. Avino once again ranked fifth among top-performing companies on the TSX based on dividend-adjusted share price appreciation over the three-year period.

For the three years ended June 30th, 2026, Avino's share price increased approximately 958%, representing approximately $1 billion in market capitalization growth. Over the period, we have strengthened our financial position, advanced La Preciosa, established our inaugural mineral reserves, and continued investing in long-term potential of our operations in Mexico. At this time, I will now hand it over to Nathan Harte, Avino's CFO, to review our financial performance for the third quarter. Nathan?

Nathan Harte - Chief Financial Officer, Avino Silver & Gold Mines Ltd.

Thank you, David. Here on slide nine, we have an overview of some key financial and operating highlights, with the full table of results on the next slide. In the third quarter, we generated revenues of $33.4 million, with 55% of our revenues coming from silver ounces sold at an average realized price of $63.33 per silver ounce.

Gross profit margin was 44%, inclusive of non-cash items, and 49% on a cash basis, excluding depreciation and depletion. Our gross profit margin was impacted this quarter primarily by a weakened U.S. dollar against the Mexican peso, as well as additional mine preparation costs at La Preciosa to accelerate development. Despite these headwinds, Avino earned $6.1 million in net income, or $0.03 per diluted share, with adjusted earnings coming in at $14.3 million, or $0.08 per share.

Operating cash flows and free cash flows are both improved compared to Q3 of last year. We generated operating cash flows of $12.7 million, a 52% improvement from Q3 of last year. This amounted to operating cash flows per share of $0.07. Free cash flow generation was $6 million, excluding La Preciosa exploration and development costs. This figure includes all the exploration and capital equipment spend at Avino. Moving to liquidity and treasury, our cash position remained strong at $138 million at the end of the quarter, and working capital was $142 million. These amounts are net of the final $8.75 million payment made in the quarter to extinguish the royalties that were originally issued as part of the acquisition of La Preciosa. Coming to slide 10, we see all other financial metrics for the third quarter and year-to-date.

As everyone can see, almost all categories saw meaningful increases, highlighting again the continued free cash flow generation coming from Avino, which is more than covering all costs of development at La Preciosa as we continue the transition to production mining methods. Here on slide 11, we have an overview of operating results on a per-ounce and per-ton basis, as well as the margins at our operations.

As noted previously, the Mexican peso strength had a negative impact on our margins, with the peso averaging between 7% and 10% stronger compared to the U.S. dollar this quarter versus Q3 of 2025. On the flip side, the U.S. dollar has now strengthened by approximately 15% since the end of the third quarter, which should provide for some tailwinds in our fourth quarter, assuming these rates hold steady.

In the quarter, we did see some improvements in cost per ounce and cost per ton at Avino, as both saw decreases in Q3 compared to Q2. Avino's cost per ton is now back in our guidance range for both cash costs and all-in sustaining cash cost per tons as a result of considerable effort from our operations team, who have been facing headwinds with increases in consumables and energy costs being seen across the industry. At La Preciosa, we saw an increase in cost per ounce and per ton for a few different reasons. This quarter, La Preciosa development was over 30% higher than originally budgeted due to additional equipment and increased productivity.

With these additional development and mining preparation costs, as well as our decision to continue processing lower-grade material due to the elevated silver prices, we again want to remind the investment community that these costs for La Preciosa are not indicative of long-term cost per ounce and per ton expectations. This material is development grade running through the mill that at lower prices would have otherwise been considered waste material and put aside.

We are in the unique position that a lot of the development at La Preciosa is in ore and allows us to offset these costs associated with the development work that we would have to do regardless. I also want to remind the investment community that La Preciosa is not yet in commercial production, and we are providing these costs inclusive of mine preparation costs for future production mining activities, not just the current development mining activities, and anticipate this to be reflected in future quarters. As we noted in our news release, we are revising our production outlook for the full year to 2.2 to 2.5 million ounces of silver equivalent. As a result,

cash costs and all-in sustaining costs per ounce are being revised to a midpoint of $23 and $31 per ounce respectively.

All-in sustaining cost per ton is being revised to a midpoint of $90 per ton. The revision to all-in sustaining cost per ton guidance is a result of more La Preciosa development tons being processed in the year than initially forecasted at the beginning of 2026. Our consolidated cash cost per ton figure for the quarter was $71.40, which is well within our consolidated cost guidance, and our cash cost guidance is unchanged for the full year. At Avino, we are below our midpoint at $59.60 in cash cost per ton, and within the range at just under $80 per ton on an all-in sustaining cost basis.

Flipping back to the revenue side, on slide 12 is our expectation for production and revenue by metal moving forward. We expect the silver portion to continue to increase as our grade expectations at La Preciosa improve into 2027. At this point, I will now turn it back over to David to run through upcoming activities and milestones.

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

Thanks, Nathan. Moving to slide 13, our priorities for the remainder of the year remain focused on advancing our operational and growth objectives. At both La Preciosa and the Avino Mine, we intend to complete our planned 2026 drilling programs. At La Preciosa, we will continue underground development activities with a focus on transitioning towards production mining at La Gloria and Abundancia veins and achieving our target mining rate of 500 tons per day.

Turning to slide 14, alongside our operational and growth initiatives, we remain committed to responsible mining practices and supporting the communities where we operate. Over many decades, Avino has established strong relationships with our local communities and workforce. These relationships are reflected in our employee retention, the experience and skill of our workforce, and our continued investment in local employment and development.

Today, operations are supported by more than 700 employees and contractors, including approximately 580 at the Avino mine and an additional 127 supporting development activities at La Preciosa. Avino contributes to the local economy through employment opportunities, workforce training, local procurement, and community initiatives.

Moving to slide 15, I would like to bring our discussion back to Avino's longer-term growth strategy and opportunities ahead. One of Avino's key advantages is the proximity of our assets and the infrastructure already in place to support future growth. Within an approximately 20 kilometer area, we have three key assets, including our operating mill complex, which currently processes material from both Avino and La Preciosa. Our established infrastructure, including access to water,

power, and tailings management facilities, provides an important foundation as we evaluate opportunities to expand production.

Our longer-term objective of reaching more than 10 million silver equivalent ounces of annual production is supported by two principal growth opportunities. Advancing and scaling up La Preciosa, including evaluating potential for standalone processing facility and assessing expansion opportunities at the existing Avino processing plant. We believe the combination of our mineral resource base, existing infrastructure, and strong financial position provides a solid foundation pursuing these opportunities.

Looking ahead, our priorities remain clear. Continue advancing La Preciosa, optimize performance at the Avino mine, and maintain financial discipline necessary to support our growth objectives and create long-term shareholder value. On behalf of our leadership, thank you to our entire team for your efforts and contributions. We would now like to move the call to the question-and-answer portion. Operator?

Operator

Thank you. We will now begin the question-and-answer session. [Operator Instructions] Thank you. Our first question is coming from Heiko Ihle with H.C. Wainwright. Your line is live.

Q: Hey, David and team. Sorry, I was muted. I assume you can hear me now, right?

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

Yes.

Q: Perfect. Okay. You talk about managing production costs, both in the prepared remarks and also in the release here today. Can you maybe give a bit of color on what areas you've seen the most success related to that? I mean, as you know, we were at site a few weeks ago. And I mean, I saw the efficiency of the operations firsthand. Obviously, in our view, La Preciosa is engineered much more professionally. I mean, it was just built with a bigger budget than the Avino Mine ever was. I mean, can you just give a bit of color of what you're seeing in regards to cost? Maybe even peg it asset against asset.

Nathan Harte - Chief Financial Officer, Avino Silver & Gold Mines Ltd.

Yes, fair question, Heiko. It is Nathan here. So as you mentioned, obviously, there are some cost pressures in the industry. But how we're managing it on an asset-by-asset basis, I think with La Preciosa, because I'll start there, because obviously that's kind of the main focus. We're doing a lot of development activities for future mining that we are hit our cost per ton number there that in other iterations maybe wouldn't be hitting your cost per ton. But because we're still in development there, we do expect some of those costs to continue to increase. Having said that, we are transitioning to

production mining, so we'll see an improvement in grade, and that's an automatic improvement in some of the unit costs, especially on a cost per ounce side. And with Avino, I think our team's done an excellent job with keeping costs in check.

And that's been our main driver at Avino, is that we know it's not a high-grade mine, so being able to keep our costs in check on a per-ton basis have been one of our big strengths in the last number of quarters.

Q: Okay. Fair enough. As per your release, La Preciosa drilling has shifted from infill to step-out drilling at various high-priority targets. Can you give a bit of detail on which areas you're focused on, what exactly you're seeing these areas? Then maybe even, if I may, what the analyst community should focus on to model out the future of La Preciosa over the longer term?

Peter Latta - Senior Vice President of Technical Services, Avino Silver & Gold Mines Ltd.

Yes, thanks so much, Heiko. This is Peter here. With regards to the drilling and the exploration, we kind of put out that release a couple of weeks ago, and I'd be happy to walk you through kind of the 3D model to show you where we're drilling and what we're thinking around it. But really, the big takeaway is that the stopes at La Preciosa are both wider and higher grade than what we typically thought, as well as what's in our current reserve and resource estimates. So I think we're going to continue to surprise to the upside on the grade side. And of course, we're going to integrate that into a new resource and reserve model next year. We're already working on that.

But as I mentioned before, or as mentioned in the release, none of those holes, none of the drilling to date has been integrated into that. And so really what that means is you'll see that when those reserves come out next year.

Q: Cool. That's helpful. Thank you, guys. I'll get back in queue.

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

Thank you.

Operator

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

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

Nathan Harte - Chief Financial Officer, Avino Silver & Gold Mines Ltd.

Hey, Jake.

Q: So you talked about earlier the processing of the lower-grade development material at La Preciosa. Is that still the strategy here heading into year-end now that metals prices have come off highs? I am just curious if there is a price level where you would rethink this, or are you kind of close enough to fresh ore at this point that it is not much of a consideration?

Nathan Harte - Chief Financial Officer, Avino Silver & Gold Mines Ltd.

Yes, that's a fair question. And obviously as we mentioned, we are transitioning to fresh ore and production-style mining. At the current prices, we'll still continue processing at the same level we always have been, because this development work has to be done anyways. So there's really two options: put it aside for higher metal prices or process it now and relieve some of the pressure on Avino, and I think we prefer the latter. Having said that, as you mentioned, we are shifting towards long-hole production mining and other production-style mining at La Preciosa, kind of as we speak. We can expect that from us in the coming quarter.

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

And I'd like to add that Peter and I were there two days ago, and we saw the first stope, and the wall rock, the host rock is very competent. It looked beautiful.

Nathan Harte - Chief Financial Officer, Avino Silver & Gold Mines Ltd.

Yes.

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

So little dilution.

Nathan Harte - Chief Financial Officer, Avino Silver & Gold Mines Ltd.

Exactly.

Q: Okay, that's helpful. Then just looking at recoveries, can you maybe just provide a bit of color on what drove the impacts here during the quarter and kind of how we should be thinking about recoveries heading into '27 as you access some of that fresh ore that David just mentioned?

Peter Latta - Senior Vice President of Technical Services, Avino Silver & Gold Mines Ltd.

Yes, absolutely. No, definitely as the grade goes up, we expect the recoveries to improve at La Preciosa. We're also implementing a few mechanical improvements. We are buying some equipment that hopefully will be commissioned very soon, or hopefully in Q1 of next year, that will also help improve recoveries. And of course our metallurgical team is always working on how can we play around with reagents to

squeeze a bit more out. So it is something that is always on our mind and something that we are constantly working on.

Q: Fair enough. Okay, that is all for me. Thanks again.

Operator

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

Q: Hey, David and team. Thanks for taking the questions.

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

Hi, Joe.

Q: Couple items on La Preciosa for me. I guess first, you mentioned working on financial study. Can you give us an update on when we might see the release of that? And remind us, is that going to be PEA, or given that where the resource is and development is, it could be PFS level? And then after that, how long or what additional work would you need to do before you can go forward with whatever plan you chose?

Peter Latta - Senior Vice President of Technical Services, Avino Silver & Gold Mines Ltd.

Yes, thanks so much for the question, Joe. This is Peter here. It's still a bit early to give you any specific dates on what that's going to look like, but we are looking at a PFS. I think given the level of detail that's been studied at La Preciosa, I think that's what makes sense. And we're still fine-tuning a lot of the details. There is a lot of data that we can use from previous work, but there's also data that we have to collect, and we're in the process of doing that. So, we're happy to give an update when we're further down the track with that.

Q: Okay. And then post-PFS, would you guys look to immediately go forward with your plan, or is there any permitting that would need to be done for either of the options, either expansion of Avino or a standalone mill?

Peter Latta - Senior Vice President of Technical Services, Avino Silver & Gold Mines Ltd.

I mean, certainly at Avino, we have all the permits in place, and there's no limit as far as the extraction rate from either mine. But if we decided to change strategies at La Preciosa, then there will be some amendments that will need to be made, and of course, engaging the community on that. Like I said, we're not yet at the stage where we have enough information. We're still collecting that, doing some trade-off

studies, and looking at a lot of the data. But definitely, that's all top of mind, and happy to provide an update on that in a few weeks.

Q: Okay. Thanks. I'll send it over.

Operator

Thank you. [Operator Instructions] Our next question is coming from Alex Terentiew with National Bank of Canada. Your line is live.

Q: Hey, guys. Thanks for taking my questions. A lot of good questions already asked, so I'm kind of down to my last couple. Just going back to La Preciosa, grades you noted should be increasing soon. Can you just maybe just a little bit more color? I'm just trying to think of Q4, your revised guidance, and then looking into 2027, the quantity of higher-grade material that we could expect. I know on one of your slides there, you're still saying, I know it's just an early guesstimate here, but 3 million ounces of silver equivalent for next year. So I'm just wondering, is that the picture still, and how does La Preciosa and grades factor into that number?

Nathan Harte - Chief Financial Officer, Avino Silver & Gold Mines Ltd.

Hey, Alex. Nathan here. Yes, that's a fair question. Obviously, we're going through the process right now of evaluating what 2027 is, kind of more of a clear picture of what that's going to look like on a total ounce basis. But that's on La Preciosa, yes, we're expecting more contribution clearly, and that is coming from grade, not necessarily tons, but just the conversion from development to production mining methods. So that's really the change you're going to see. On a specific grade number for Q4, I don't want to give a specific number there, but you expect to see improvements.

Q: Okay. I mean, I guess for next year, though, you should be back, or you should be at the, I think it's around 200 grams a ton silver and, I don't know 0.35 or so gold. Is that kind of the ballpark?

Nathan Harte - Chief Financial Officer, Avino Silver & Gold Mines Ltd.

Yes, that's the expectation, Alex.

Q: Expectation, okay. And then just a question, Peter. I think you said that there's no extraction rate limit at either mine. I know you're only planning 500 tons a day at La Preciosa, but depending on how prices move and depending on kind of what your studies suggest over the next little while, is there scope under existing permits and abilities to, say, take La Preciosa up from 500 to whatever, 750 or 1,000, if the math makes sense, and then dial back Avino?

Peter Latta - Senior Vice President of Technical Services, Avino Silver & Gold Mines Ltd.

Yes. There is scope for that, and just keeping in mind that the way our circuits are configured, that we would have to go to 1,000 tons, because that's the kind of the next step up with two of our bigger circuits at 1,000 tons per day and the two smaller circuits at 250 tons each. So you kind of get that stepwise function. And that's something that we evaluate as far as the short and the long-term mine plan, is how we dovetail and maximize that, along with the logistics of how we end up hauling it, and how that fits into the plan. So it's something that's always on top of mind in terms of optimization.

Q: Yes. Okay, that's good. Thanks. That's it for me. Thank you.

Peter Latta - Senior Vice President of Technical Services, Avino Silver & Gold Mines Ltd.

Thanks, Alex.

Operator

Thank you. [Operator Instructions]. Okay, as we have no further questions in queue at this time, I would like to hand the call back to Mr. Wolfin for any closing remarks.

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

Thank you again to everyone for joining us today and for your continued interest and support of Avino Silver & Gold Mines. We are encouraged by the results to date. We remain focused on executing our clear path for transformational growth with continued operational improvements, advancement at La Preciosa, a strong balance sheet, and a disciplined approach to capital allocation. We believe Avino is well-positioned to continue creating long-term value for our shareholders. We look forward to updating you on our progress in the coming quarters. Have a great day.

Operator

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