



**NOTICE OF ANNUAL GENERAL AND  
SPECIAL MEETING OF SHAREHOLDERS**

**MAY 24, 2018**

**MANAGEMENT INFORMATION CIRCULAR**

(Containing information as at April 19, 2018, unless otherwise specified)

**These materials are important and require your immediate attention. If you have questions or require assistance with voting your shares, you may contact Avino's proxy solicitation agent:**

**Laurel Hill Advisory Group**

**North American Toll Free Number:**

**1-877-452-7184**

**Collect Calls Outside North America:**

**1-416-304-0211**

**Email: [assistance@laurelhill.com](mailto:assistance@laurelhill.com)**



April 19, 2018

Dear Fellow Shareholder,

Over the past 12 months, Avino Silver & Gold Mines Ltd. ("Avino") has been committed to creating shareholder value through our expansion efforts at our mining operations in Durango, Mexico. We made excellent progress in the construction of Mill Circuit 4 (at the Avino mine), which began early in 2017, and will increase the throughput capacity of our processing plant by approximately 70%. At the time of writing this letter, Mill Circuit 4 was nearly 95% complete.

During the year we also received a Preliminary Economic Assessment on the Oxide Tailings Project at the Avino mine which demonstrated a pre-tax NPV of US\$40.5 million and an IRR of 48% over an anticipated mine life of seven years.

Avino is celebrating its 50<sup>th</sup> year in the mining industry, and any company that is vital and growing reaches a crossroads, and that's certainly where we are with Avino today. In January, we graduated to the Toronto Stock Exchange ("TSX") from the TSX Venture Exchange, which is a key milestone for the company. We have a fresh new presence and this transformation includes our vision, our key messages, our communications tools and our overall brand right down to our logo.

But some things remain steadfast. Over our 50-year history, this company has inspired resilience, initiative and enterprise across its dedicated team. We have also adhered to our core values of Growth, Quality and Relationships, values that got us where we are today.

On Thursday, May 24, 2018, Avino will be seeking your approval for the following items:

1. To determine the number of directors and to elect directors;
2. To approve the 2018 10% Rolling Stock Option Plan as described in the accompanying Information Circular;
3. To approve the 2018 Restricted Share Unit Plan as described in the accompanying Information Circular.

Your participation is important to us. In the event you cannot attend the Annual General & Special Meeting, we urge you to express your support by voting on the various proposals that we will be putting forward at our annual meeting of shareholders, using your proxy in advance of the meeting.

We thank you for your ongoing support and confidence as we continue to build shareholder value at Avino Silver & Gold Mines Ltd.

Sincerely,

*"David Wolfin"*

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President and Chief Executive Officer



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## NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

TAKE NOTICE that the 2018 Annual General & Special Meeting of the Shareholders of Avino Silver & Gold Mines Ltd. (hereinafter called the "Company") will be held at Metropolitan Hotel Vancouver, Pacific Room, 645 Howe Street, Vancouver, British Columbia V6C 2Y9 on **Thursday, May 24, 2018, at 11:00 a.m.** (Vancouver time) for the following purposes:

- 1) To receive the Report of the Directors;
- 2) To receive the financial statements of the Company for its fiscal year ended December 31, 2017 and the report of the Auditors thereon;
- 3) To appoint Auditors for the ensuing year and to authorize the Directors to fix their remuneration;
- 4) To determine the number of directors and to elect directors;
- 5) To approve the 2018 10% Rolling Stock Option Plan as described in the accompanying Information Circular;
- 6) To approve the 2018 Restricted Share Unit Plan as described in the accompanying Information Circular; and
- 7) To transact such other business as may properly come before the Meeting or any adjournment thereof.

Accompanying this Notice are Information Circular dated April 19, 2018, Form of Proxy, and a Request Form to receive annual and interim financial statements and management discussion and analysis. The accompanying Information Circular provides information relating to the matters to be addressed at the meeting and is incorporated into this Notice.

Shareholders are entitled to vote at the Meeting either in person or by proxy in accordance with the procedures described in the Information Circular accompanying this Notice. Those who are unable to attend the meeting are requested to read, complete, sign, and mail the enclosed form of proxy in accordance with the instructions set out in the proxy and in the Information Circular accompanying this Notice.

DATED at Vancouver, British Columbia, this 19<sup>th</sup> day of April, 2018.

**BY ORDER OF THE BOARD OF DIRECTORS**

***"David Wolfin"***

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David Wolfin  
President & Chief Executive Officer



Suite 900 – 570 Granville Street  
Vancouver, BC V6C 3P1  
Tel.: (604) 682-3701

## INFORMATION CIRCULAR

AS AT AND DATED APRIL 19, 2018

This Information Circular accompanies the Notice of the 2018 Annual General & Special Meeting (the “**Meeting**”) of shareholders of Avino Silver & Gold Mines Ltd. (hereinafter called the “**Company**”), and is furnished in connection with a solicitation of proxies for use at that Meeting and at any adjournment thereof.

### APPOINTMENT OF PROXYHOLDERS AND COMPLETION AND REVOCATION OF PROXIES

The purpose of a proxy is to designate persons who will vote the proxy on a shareholder’s behalf in accordance with the instructions given by the Shareholder in the proxy. The persons named in the enclosed proxy (the “**Management Designees**”) have been selected by the directors of the Company.

*A shareholder has the right to designate a person (who need not be a shareholder), other than the Management Designees to represent the shareholder at the Meeting. Such right may be exercised by inserting in the space provided for that purpose on the proxy the name of the person to be designated, and by deleting from the proxy the names of the Management Designees, or by completing another proper form of proxy and delivering the same to the transfer agent of the Company. Such registered shareholder should notify the nominee of the appointment, obtain the nominee’s consent to act as proxyholder and attend the Meeting, and provide instructions on how the shareholder’s shares are to be voted. The nominee should bring personal identification with them to the Meeting.*

To be valid, the proxy must be dated and executed by the registered shareholder or an attorney authorized in writing, with proof of such authorization attached (where an attorney executed the proxy). The proxy must then be delivered to the Company’s registrar and transfer agent, Computershare Investor Services Inc., Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, or at the head office of the Company at Suite 900 – 570 Granville Street, Vancouver, British Columbia, V6C 3P1, at least 48 hours, excluding Saturdays, Sundays and holidays, before the time of the Meeting or any adjournment thereof. Proxies received after that time may be accepted by the Chairman of the Meeting in the Chairman’s discretion, but the Chairman is under no obligation to accept late proxies.

Any registered shareholder who has returned a proxy may revoke it at any time before it has been exercised.

A proxy may be revoked by a registered shareholder personally attending at the Meeting and voting their shares. A shareholder may also revoke their proxy in respect of any matter upon which a vote has not already been cast by depositing an instrument in writing, including a proxy bearing a later date executed by the registered shareholder or by their authorized attorney in writing, or, if the shareholder is a corporation, under its corporate seal by an officer or attorney thereof duly authorized, either at the office of the Company’s registrar and transfer agent at the foregoing address or the head office of the Company at the foregoing address, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof at which the proxy is to be used, or by depositing the instrument in writing with the Chairman of such Meeting, or any adjournment thereof. ***Only registered shareholders have the right to revoke a proxy. Non-registered Shareholders should follow the instructions provided to them by their intermediary.***

## PERSONS OR COMPANIES MAKING THE SOLICITATION

### THE ENCLOSED PROXY IS BEING SOLICITED BY MANAGEMENT OF THE COMPANY

Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited by electronic delivery where requested by the Shareholders, as well as personally or by telephone by directors, officers, employees or consultants of the Company. We have appointed Laurel Hill Advisory Group ("Laurel Hill") as our soliciting agent. For this service, and other advisory services, we will pay Laurel Hill \$35,000 plus reasonable out-of-pocket expenses.

Arrangements will also be made with clearing agencies, brokerage houses and other financial intermediaries to forward proxy solicitation material to the beneficial owners of common shares of the Company ("**Common shares**") pursuant to the requirements of National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**National Instrument 54-101**").

The cost of solicitation will be borne by the Company. The Company may reimburse shareholders' nominees or agents (including brokers holding shares on behalf of clients) for the cost incurred in obtaining from their principals authorization to execute forms of proxy. No solicitation will be made by specifically engaged employees or soliciting agents. Unless otherwise stated, the information contained in this Information Circular is given as at April 19, 2018.

The Canadian securities regulators have adopted new rules under National Instrument 54-101 which permit the use of notice-and-access for proxy solicitation, instead of the traditional physical delivery of material. This new process provides the option to post meeting related materials, including management information circulars, as well as annual financial statements, and related management's discussion and analysis, on a website in addition to SEDAR. Under notice-and-access, such meeting related materials will be available for viewing for up to one (1) year from the date of posting, and a paper copy of the material can be requested at any time during this period. The Company is not relying on the notice-and-access provisions of National Instrument 54-101 to send proxy related materials to registered shareholders or beneficial owners of shares in connection with the Meeting.

## VOTING OF PROXIES

Each shareholder may instruct their proxyholder how to vote their Common shares by completing the blanks on the proxy. All Common shares represented at the Meeting by properly executed proxies will be voted or withheld from voting when a poll is required or requested and, where a choice with respect to any matter to be acted upon has been specified in the form of proxy, the Common shares represented by the proxy will be voted in accordance with such specification. ***In the absence of any such specification as to voting on the proxy, the Management Designees, if named as proxyholder, will vote in favour of the matters set out therein.***

***The enclosed proxy confers discretionary authority upon the Management Designees, or other person named as proxyholder, with respect to amendments to or variations of matters identified in the Notice of Meeting and any other matters which may properly come before the Meeting. As of the date hereof, the Company is not aware of any amendments to, variations of or other matters which may come before the Meeting. If other matters properly come before the Meeting, then the Management Designees intend to vote in a manner which in their judgment is in the best interests of the Company.***

## **Voting Requirements**

In order to approve a motion proposed at the Meeting, a majority of greater than 50% of the votes cast will be required (an “ordinary resolution”), unless the motion requires a “special resolution” in which case a majority of 66 2/3% of the votes cast will be required.

## **Shareholder Questions**

If you have any questions and/or need assistance in voting your shares, please contact our proxy solicitation agent:

**LAUREL HILL ADVISORY GROUP**

**North American Toll Free Number:** 1-877-452-7184

**Collect Calls Outside North America:** 1-416-304-0211

**Email:** [assistance@laurelhill.com](mailto:assistance@laurelhill.com)



## VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Company is authorized to issue unlimited Common shares without par value. There is one class of shares only. There are issued and outstanding 52,805,653 Common shares. At a general meeting of the Company, on a show of hands, every shareholder present in person and entitled to vote and every proxy holder duly appointed by a holder of a share who would have been entitled to vote shall have one vote and on a poll, every shareholder present in person or represented by proxy shall have one vote for each share of which such shareholder is the registered holder.

To the knowledge of the directors and senior officers of the Company, no person or company beneficially owns, directly or indirectly, or exercises control or direction over, voting securities carrying more than 10% of the outstanding voting rights of the Company.

The Articles of the Company provide that a quorum for the transaction of business at the Meeting is two (2) shareholders, or one or more proxyholders representing two shareholders, or one shareholder and a proxyholder representing another shareholder.

The directors have determined that all shareholders of record as of the **April 19, 2018**, will be entitled to receive notice of and to vote at the Meeting. Those shareholders so desiring may be represented by proxy at the Meeting.

Vote using the following methods prior to the Meeting.	 Internet	 Telephone or Fax	 Mail
<b>Registered Shareholders</b> <i>Shares held in own name and represented by a physical certificate.</i>	<a href="http://www.investorvote.com">www.investorvote.com</a>	Telephone: 1-866-732-8683 Fax: 1-866-249-7775	Return the form of proxy in the enclosed postage paid envelope.
<b>Non Registered Shareholders</b> <i>Shares held with a broker, bank or other intermediary.</i>	<a href="http://www.proxyvote.com">www.proxyvote.com</a>	Call or fax to the number(s) listed on your voting instruction form.	Return the voting instruction form in the enclosed postage paid envelope.

## REGISTERED SHAREHOLDERS

Registered Shareholders may wish to vote by proxy whether or not they are able to attend the Meeting in person. Registered Shareholders who wish to submit a proxy may choose one of the following methods:

- (a) complete, date and sign the enclosed Proxy and return it to the Company's transfer agent, Computershare Investor Services Inc. ("**Computershare**"), by fax within North America to 1-866-249-7775, by fax outside North America to 416-263-9524, by mail or by hand to the 8th Floor, 100 University Avenue, Toronto, Ontario, Canada, M5J 2Y1, or by hand delivery to the 3<sup>rd</sup> Floor, 510 Burrard Street, Vancouver, British Columbia, Canada, V6C 3B9; or
- (b) use a touch tone phone to transmit voting choices to a toll-free number. Registered shareholders must follow the instructions of the voice response system and refer to the enclosed Proxy for the toll free number, the holder's account number and the Proxy access number; or
- (c) log onto the internet website of Computershare at [www.investorvote.com](http://www.investorvote.com). Registered shareholders must follow the instructions given on Computershare's website and refer to the enclosed Proxy for the holder's account number and the proxy access number.

Registered Shareholders must ensure the Proxy is received at least 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or any adjournment thereof. Late proxies may be accepted or rejected by the Chairperson of the Meeting (the "**Chair**"), in his or her discretion. However, the Chair is under no obligation to accept or reject any particular late proxy. The Chair may waive this time limit for receipt of proxies without notice.

## **BENEFICIAL HOLDERS**

Only registered shareholders or duly appointed proxy-holders are permitted to vote at the Meeting. Most shareholders of the Company are "non-registered" or "beneficial" shareholders because the shares they own are not registered in their names, but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the shares. More particularly, a person is not a registered shareholder in respect of shares which are held on behalf of that person (the "**Beneficial Holder**") but which are registered either: (a) in the name of an intermediary (an "**Intermediary**") that the Beneficial Holder deals with in respect of the shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSP's, RRIF's, RESPs and similar plans); or (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited ("**CDS**")) of which the Intermediary is a participant. In accordance with the requirements of National Instrument 54-101 of the Canadian Securities Administrators, the Company has distributed copies of the Notice of Meeting, this Information Circular and the Proxy (collectively, the "**Meeting Materials**") to the clearing agencies and Intermediaries for onward distribution to Beneficial Holders.

Intermediaries are required to forward the Meeting Materials to Beneficial Holders unless a Beneficial Holder has waived the right to receive them. Very often, Intermediaries will use service companies to forward the Meeting Materials to Beneficial Holders. Generally, Beneficial Holders who have not waived the right to receive Meeting Materials will either:

- (a) be given a form of proxy **which has already been signed by the Intermediary** (typically by a facsimile, stamped signature), which is restricted as to the number of shares beneficially owned by the Beneficial Holder but which is otherwise not completed. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Beneficial Holder when submitting the proxy. In this case, the Beneficial Holder who wishes to submit a proxy should otherwise properly complete the form of proxy and **deposit it with the Company's transfer agent as provided above; or**
- (b) more typically, be given a voting instruction form **which is not signed by the Intermediary**, and which, when properly completed and signed by the Beneficial Holder and **returned to the Intermediary or its service company**, will constitute voting instructions (often called a "proxy authorization form") which the Intermediary must follow. Typically, the proxy authorization form will consist of a one page pre-printed form. Sometimes, instead of the one page pre-printed form, the proxy authorization form will consist of a regular printed proxy form accompanied by a page of instructions which contains a removable label containing a bar-code and other information. In order for the form of proxy to validly constitute a proxy authorization form, the Beneficial Holder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and return it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company.

In either case, the purpose of this procedure is to permit Beneficial Holders to direct the voting of the shares which they beneficially own. Should a Beneficial Holder who receives one of the above forms wish to vote at the Meeting in person, the Beneficial Holder should strike out the names of the Management Proxy-holders named in the form and insert the Beneficial Holder's name in the blank space provided. ***In either case, Beneficial Holders should carefully follow the instructions of their Intermediary, including those regarding when and where the proxy or proxy authorization form is to be delivered.***

Additionally, there are two kinds of Beneficial Shareholders: (i) those who object to their name being made known to the issuers of securities which they own, known as objecting beneficial owners or “OBOs”; and (ii) those who do not object to their name being made known to the issuers of securities which they own, known as non-objecting beneficial owners or “NOBOs”. The Company may utilize Broadridge Financial Institution Inc.’s QuickVote™ service to assist Beneficial Shareholders that are NOBOs with voting their Common Shares. NOBOs may be contacted by Laurel Hill to conveniently obtain a vote directly over the telephone.

## **PARTICULARS OF MATTERS TO BE ACTED UPON**

TO THE KNOWLEDGE OF THE COMPANY’S DIRECTORS, THE ONLY MATTERS TO BE PLACED BEFORE THE MEETING ARE THOSE REFERRED TO IN THE NOTICE OF MEETING ACCOMPANYING THIS INFORMATION CIRCULAR. HOWEVER, SHOULD ANY OTHER MATTERS PROPERLY COME BEFORE THE MEETING; THE SHARES REPRESENTED BY THE PROXY SOLICITED HEREBY WILL BE VOTED ON SUCH MATTERS IN ACCORDANCE WITH THE BEST JUDGMENT OF THE PERSONS VOTING THE SHARES REPRESENTED BY THE PROXY.

Additional detail regarding each of the matters to be acted upon at the Meeting is set forth below.

### **I. Financial Statements**

The audited financial statements of the Company for the year ended December 31, 2017, (the "**Financial Statements**"), together with the Auditors' Report thereon, will be presented to the shareholders at the Meeting. Shareholders should note that in accordance with the rules of National Instrument 51-102 “Continuous Disclosure Obligations”, shareholders will no longer automatically receive copies of financial statements unless a card (*in the form enclosed herewith*) has been completed and returned as instructed. Copies of all previously issued annual and quarterly financial statements and related Management Discussions and Analysis are available to the public on the SEDAR website at [www.sedar.com](http://www.sedar.com) and on the Company’s website at [www.avino.com](http://www.avino.com). Hard copies of the Audited Annual Financial Statements and Management Discussion and Analysis will be available to shareholders free of charge upon request.

### **II. Appointment of Auditors**

Management proposes the appointment of Manning Elliott LLP, as Auditors of the Company for the ensuing year and that the directors be authorized to fix their remuneration. Manning Elliott, Chartered Accountants have been the Company's Auditors since January 15, 2007.

*In the absence of instructions to the contrary the shares represented by proxy will be voted in favour of a resolution to appoint Manning Elliott LLP, as Auditors of the Company for the ensuing year, at a remuneration to be fixed by the Board of Directors, unless the Shareholder has specified in the Shareholder’s proxy that the Shareholder’s Common shares are to be withheld from voting on the appointment of auditors.*

### **III. Election of Directors**

Each director of the Company is elected annually and holds office until the next Annual General Meeting of the shareholders unless that person ceases to be a director before then. It is proposed that the number of directors for the ensuing year be fixed at five (5) subject to such increases as may be permitted by the Articles of the Company. At the Meeting, the Shareholders will be asked to consider and, if thought fit, approve an ordinary resolution fixing the number of directors to be elected at the Meeting at five (5).

It is proposed that the persons named below will be nominated at the Meeting. Each director elected will hold office until the next Annual General Meeting of the Company or until his successor is duly elected or appointed pursuant to the Articles of the Company unless his office is earlier vacated in accordance with the provisions of the *Business Corporations Act* (British Columbia) or the Company’s Articles.

*It is the intention of the Management designees, if named as proxy, to vote for the election of the said persons to the Board of Directors, unless the Shareholder has specified in its proxy that its Common shares are to be withheld from voting on the election of directors.*

The Management nominees for the Board of Directors and information concerning them as furnished by the individual nominees are as follows:

NAME, PRESENT OFFICE HELD AND PROVINCE OR STATE OF RESIDENCY	DIRECTOR SINCE	NUMBER OF SHARES BENEFICIALLY OWNED, DIRECTLY OR INDIRECTLY, OR OVER WHICH CONTROL OR DIRECTION IS EXERCISED AT THE DATE OF THIS INFORMATION CIRCULAR <sup>(5)</sup>	PRINCIPAL OCCUPATION AND IF NOT AT PRESENT AN ELECTED DIRECTOR, OCCUPATION DURING THE PAST FIVE (5) YEARS <sup>(4)</sup>
MICHAEL BAYBAK <sup>(1) (2) (3)</sup> CA, USA Director	June 1990	281,366 (Directly)	Business Consultant; Principal of Michael Baybak & Co. Inc. – marketing & communications
ROSS GLANVILLE <sup>(1) (2) (3)</sup> BC, CANADA Director	December 2014	16,666 (Directly)	Mining Consultant; Professional Engineer
GARY ROBERTSON <sup>(1) (2)</sup> NB, CANADA Director	August 2005	148,462 (Directly) 324,954 (Indirectly)	Certified Financial Planner
DAVID WOLFIN BC, CANADA President, CEO and Director	October 1995	27,510 (Directly) 1,336,736 (Indirectly)	Mining Executive; Officer and/or Director of several reporting issuers.
JASMAN YEE <sup>(3)</sup> BC, CANADA Director	January 2011	255,020 (Directly)	Professional Engineer and Metallurgist

(1) Member of the Audit Committee.

(2) Member of the Compensation Committee.

(3) Member of the Governance & Nominating Committee

(4) The information is not within the knowledge of the Management of the Company and has been furnished by the respective nominees.

(5) The number of Common Shares beneficially owned, or controlled or directed, directly or indirectly by the above nominees for directors, is based on the information obtained from The System for Electronic Disclosure by Insiders ("SEDI").

All of the nominees are residents of Canada, except for Michael Baybak, who resides in the United States. The Company has an Audit Committee, Governance & Nominating Committee, and Compensation Committee, the members of which are set out above.

### Majority Voting Policy

On February 14, 2017, the Board adopted a majority voting policy (the “**Majority Voting Policy**”) with immediate effect. A copy of the Majority Voting Policy is also available on the Company’s website at [www.avino.com](http://www.avino.com).

The Majority Voting Policy requires that any nominee for director who receives a greater number of votes “withheld” than “for” his or her election, in an uncontested election, shall promptly tender his or her resignation to the Chairman of the Board. The Governance & Nominating Committee and Compensation Committee will make a recommendation to the Board after reviewing the matter, and the Board will decide to accept or reject the resignation offer. The Board’s decision to accept or reject the resignation offer will be disclosed to the public within 90 days of the date of the applicable Meeting, together with the voting results of each director. The Company will promptly issue a news release with the Board’s decision to accept or reject a director’s resignation, a copy of which must be provided to the stock exchange. If the Board determines to not accept a resignation, the news release must fully state the reasons for that decision.

Resignation offers must be accepted by the Board, except in situations where exceptional circumstances

would warrant the applicable director to continue to serve as a member of the Board (such as, for example and without limitation, where such resignation would place the Company in breach of or non-compliance with corporate or securities legislation, or commercial agreements entered into by the Company). The nominee director in question will not participate in any committee or Board deliberations. This Policy shall be interpreted and enforced in accordance with the laws of the Province of British Columbia and the federal laws of Canada.

Each of the current directors has agreed to abide by the provisions of the Majority Voting Policy and any subsequent candidate nominated by management will, as a condition of such nomination, be required to abide by the Majority Voting Policy. In the event that any director who received a majority of votes “withheld” does not tender his or her resignation in accordance with the Majority Voting Policy, he or she will not be re-nominated by the Board.

### **Corporate Cease Trade Orders or Bankruptcies**

Except as disclosed below, to the knowledge of the Company, no director or proposed director of the Company is, or has, within the ten years prior to the date of this Circular, been a director or executive officer of any company, including the Company, that while that person was acting in that capacity:

- (a) was the subject of a cease trade order or similar order or an order that denied the company access to any exemption under securities legislation for a period of more than 30 consecutive days; or
- (b) was subject to an event that resulted, after the director ceased to be a director or executive officer of the company being the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
- (c) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Ross Glanville was a director of Clifton Star Resources Inc. (“Clifton”) when the British Columbia Securities Commission (“BCSC”) issued a cease trade order on July 22, 2011, in connection with Clifton’s failure to file a technical report in the required form in respect of disclosure of Clifton’s mineral resource estimates on its material properties. After changes in Clifton’s management and three of the members of the Board of Directors (as well as the appointment of Mr. Glanville as Chairman of Clifton), and the filing of the relevant documents, the BCSC revoked the cease trade order on March 5, 2012.

### **Individual Bankruptcies**

To the knowledge of the Company, no director or proposed director of the Company has, within the ten years prior to the date of this Circular, become bankrupt or made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

### **Penalties or Sanctions**

To the knowledge of the Company, no proposed director of the Company has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

#### **IV. 2018 Rolling Stock Option Plan**

The Board of Directors is seeking shareholder approval for the adoption of a new 10% rolling stock option plan (the “**2018 Stock Option Plan**”), subject to regulatory approval, and as more particularly described below.

The Company’s current rolling stock option plan was approved by shareholders in 2013 (the “Old Plan”). There are currently 3,126,000 stock options granted and 1,284,005 stock options remaining for future grant under the Old Plan, representing approximately 5.92% and 2.43%, respectively, of the issued and outstanding common shares of the Company. The Board of Directors has deemed it appropriate to amend the Old Plan so that it is in compliance with the Toronto Stock Exchange’s (“TSX”) current policies. The Company is therefore seeking approval for the adoption of the 2018 Stock Option Plan. The 2018 Stock Option Plan is substantially similar to the Old Plan and is subject to the acceptance by the TSX.

The Board of Directors is of the view that the 2018 Stock Option Plan is required in order to provide incentive to the directors, officers, employees, management, and others who provide service to the Company to act in the best interests of the Company. The 2018 Stock Option Plan will be available for inspection and placed before the Shareholders for approval at the Meeting. The 2018 Option Plan will also be posted on the Company’s website at [www.avino.com](http://www.avino.com).

The material terms of the 2018 Stock Option Plan provide that:

- the participants in the 2018 Stock Option Plan are the directors, officers, employees, and consultants of the Company and its subsidiaries;
- the 2018 Stock Option Plan is administered by the Board of Directors of the Company;
- the exercise price of stock options granted under the 2018 Stock Option Plan, as determined by the Board of Directors in its sole discretion, shall not be less than the closing price prior to the date of grant or, if the shares are no longer listed for trading on the TSX, then such other exchange or quotation system on which the shares are listed or quoted for trading;
- the 2018 Stock Option Plan provides that the maximum number of common shares issuable upon the exercise of options and under any other security based compensation arrangement shall not exceed such number which represents 10% of the issued and outstanding common shares of the Company from time to time. As a result, should the Company issue additional shares in the future, the number of shares issuable under the 2018 Stock Option Plan will increase accordingly. The 2018 Stock Option Plan is considered an “evergreen” plan, since the shares covered by options which have been exercised shall be available for subsequent grants under the 2018 Stock Option Plan, and the number of options available to grant increases as the number of issued and outstanding shares of the Company increases;
- the expiry date for each Option shall be set by the Board at the time of issue of the Option subject to blackout provision extension and shall not be more than ten years after the grant date;
- options granted pursuant to the 2018 Stock Option Plan will be non-assignable and non-transferrable;
- upon expiry of an option, or in the event an option is otherwise terminated for any reason, without having been exercised in full, the number of shares in respect of the expired or terminated option shall again be available for the purposes of the 2018 Stock Option Plan;
- the maximum number of common shares issuable under the 2018 Stock Option Plan shall not, together with all other security-based compensation arrangements of the Company, exceed 10% of the issued and outstanding common shares as at the date of such grant on a non-diluted basis;

- the number of common 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 2018 Stock Option 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;
- if the option holder ceases to be a director of Company or its subsidiaries or ceases to be employed by the Company or its subsidiaries (other than by reason of death or cause), as the case may be, then the option granted shall expire no later than the 90th day following the date that the option holder ceases to be a director or ceases to be employed by the Company or its subsidiaries, subject to the terms and conditions set out in the 2018 Stock Option Plan, and in the event of dismissal of the option holder from employment or service for cause, all options held by the option holder, whether or not vested at the date of dismissal, will immediately terminate without any right of the option holder to exercise any of the options; and in the event of death, the earlier of 365 days after the date of death and the expiry date of the option;
- options are to be subject to vesting provisions determined by the Board of Directors, subject to a minimum of one-third of the options vesting on each of the first, second and third anniversaries of the grant date;
- shares which are issued upon the exercise of options granted under the 2018 Stock Option Plan are to be paid for in cash or certified cheque by the holder;
- if the expiry date of any options falls within a self imposed blackout period, then it shall be extended ten business days following the end of such black out period;
- shares which are issued upon the exercise of options granted under the 2018 Stock Option Plan are to be paid for in cash or certified cheque by the holder;
- the Company does not offer financial assistance in respect of the exercise of options; and
- the Board "may" make the following amendments to the 2018 Stock Option Plan or awards thereunder, without obtaining shareholder approval:
  - (a) amendments to the terms and conditions of the 2018 Stock Option Plan or awards thereunder necessary to ensure that the 2018 Stock Option 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 2018 Stock Option Plan or awards thereunder respecting administration of the 2018 Stock Option Plan and eligibility for participation under the 2018 Stock Option Plan;
  - (c) amendments to the provisions of the 2018 Stock Option Plan or awards thereunder respecting the terms and conditions on which Grants may be made pursuant to the 2018 Stock Option Plan, including the provisions relating to the Effective Date, Performance Criteria, vesting and Performance Period;
  - (d) amendments to the 2018 Stock Option 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 Exchange.

• the Board “may not”, without the approval of the Company’s shareholders, make the following amendments to the 2018 Stock Option 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 common shares issuable as a fixed percentage of the Company’s outstanding capital represented by such common shares; and
- (e) amendments to an amending provision within the 2018 Stock Option Plan.

The policies of TSX require the approval of all unallocated options, rights, or entitlements under the 2018 Stock Option Plan every three years with the next such renewal approval by shareholders on or before May 24, 2021.

At the Meeting, shareholders will be asked to pass an ordinary resolution approving the adoption of the 2018 Stock Option Plan. Shareholder approval is the approval by a majority of the votes cast on the resolutions by all shareholders.

### **Shareholder Approval**

Accordingly, the management of the Company is asking shareholders to approve the following resolution:

“BE IT RESOLVED as an Ordinary Resolution that:

1. the Company adopt the 2018 Stock Option Plan and that up to 10% of the Company’s issued and outstanding shares at the time the option is granted be reserved for issuance to eligible optionees subject to the terms of the 2018 Stock Option Plan, and subject to regulatory and shareholder approval until May 24, 2021, where required; and
2. any director or officer of the Company be authorized to execute and deliver all such documents and instruments, and to do such further acts, as may be necessary to give full effect to these resolutions or as may be required to carry out the full intent and meaning thereof.”

An ordinary resolution is 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.

***The Board of Directors recommends that shareholders vote in favour of this resolution.***

***Proxies received in favour of management will be voted FOR the 2018 Stock Option Plan unless the Shareholder has specified in the proxy that his or her Common Shares are to be voted against such resolution. Where no choice is specified by a Shareholder, the proxy will confer discretionary authority and will be voted FOR the 2018 Stock Option Plan Resolution ratifying, confirming and approving the adoption of the 2018 Stock Option Plan.***



*Reference should be made to the full text of the 2018 Stock Option Plan, which will be made available at the Company's Head Office located at Suite 900 – 570 Granville Street, Vancouver, British Columbia V6C 3P1, until 4:00 pm (Vancouver time) on the business day immediately preceding the date of the Meeting and at the Meeting and on the Company's website at [www.avino.com](http://www.avino.com).*

## **V. 2018 Restricted Share Unit Plan**

The Board of Directors is seeking shareholder approval for the adoption of a new “Restricted Share Unit Plan” (the “**2018 RSU Plan**”), subject to regulatory approval, and as more particularly described below.

The Company's current RSU Plan was approved by shareholders in 2016 (the “Old Plan”). There are currently 870,500 Restricted Share Units granted and 60 Restricted Share Units remaining for future grant under the Old Plan, representing approximately 1.64% and 0.0001%, respectively, of the issued and outstanding common shares of the Company. The Board of Directors has deemed it appropriate to amend the Old Plan so that it is in compliance with the Toronto Stock Exchange's (“TSX”) current policies. The Company is therefore seeking approval for the adoption of the 2018 RSU Plan. Except for the change from a fixed plan to a 10% rolling plan, the 2018 RSU Plan is substantially similar to the Old Plan and is subject to the acceptance by the TSX.

The purpose of the 2018 RSU Plan is to allow the Company to attract and retain individuals with experience and exceptional skill, and to allow selected executives, key employees, consultants and directors of the Company and related entities (an “**RSU Participant**”) to acquire restricted share units (the “**RSUs**”) with a view to enabling them to participate in the long-term success of the Company by promoting a greater alignment of interests between the Shareholders and the RSU Participants. The 2018 RSU Plan will be available for inspection and placed before the Shareholders for approval at the Meeting. The 2018 RSU Plan will also be posted on the Company's website at [www.avino.com](http://www.avino.com).

The 2018 RSU Plan is administered by the Compensation Committee under the supervision of the Board. Under the 2018 RSU Plan, the Compensation Committee recommends the RSU Participants to whom grants should be made (the “**Grant**”) based on the RSU Participant's current and potential contribution to the success of the Company. The Compensation Committee determines the terms and conditions upon which a Grant is made, including any performance criteria or vesting period attached to the Grant.

Upon vesting, each RSU entitles the RSU Participant to receive, subject to adjustments as provided for in the 2018 RSU Plan, one Common Share for the equivalent thereof, provided that the Participant is continuously employed with, or providing services to, the Company from the Effective Date of such Grant to the Release Date (as those terms are defined in the 2018 RSU Plan). The terms and conditions of vesting of each Grant are determined by the Compensation Committee at the time of the Grant. RSUs may not be sold, transferred, assigned, pledged or otherwise encumbered or disposed of (other than to the RSU Participant's beneficiary or estate, as the case may be, upon the death of the RSU Participant) during the vesting period. 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 an RSU Participant to exercise voting rights or any other rights attaching to ownership or control of the Common Shares, until the RSU vests and the RSU Participant receives Common Shares.

In the event of a change in control of the Company, and unless otherwise determined by the Compensation Committee, or otherwise addressed in the RSU Participant's employment or service contract or share compensation plan approved by the Board, with respect to each Grant outstanding on the effective date of such change in control, and subject to the acceptance of the TSX, all RSUs shall vest as of the effective date of the change in control; and, provided that each RSU Participant is continuously employed by or providing services to the Company, such RSU Participant shall be entitled to receive from the Company, one CIC Share (as defined in the 2018 RSU Plan), or the number of Consideration Shares (as defined in the 2018 RSU Plan) rounded to the nearest whole number, that is equal to the sum

of: (i) the number of Consideration Shares received by the Shareholders in respect of one Common Share; and (ii) 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 Company in respect of one Common Share.

The Company may from time to time impose trading blackouts during which some or all RSU Participants may not trade in the securities of the Company. In the event that a trading blackout is imposed by management or the Board, RSU Participants subject to the blackout 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 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.

In the event of termination of employment without cause or the retirement or permanent disability of a RSU Participant, the RSU participant shall be entitled to the settlement of the pro rata portion of RSUs based on the proportion of the performance period worked prior to termination. Any remaining RSUs terminate. In the event of voluntary resignation or termination of a RSU Participant for cause, all unvested RSUs outstanding immediately terminate. In the event of the death of a RSU Participant, the estate of the RSU Participant shall be entitled to receive on the subsequent settlement date the Common Shares to which the RSU Participant would have been entitled to receive on that date. All other outstanding unvested RSUs terminate.

The Board may, at any time and from time to time, amend, suspend or terminate the 2018 RSU Plan in whole or in part. Subject to certain limited exceptions, the Compensation Committee may from time to time amend the terms of Grants made under the 2018 RSU Plan, subject to confirmation by the Board and the obtaining of any required regulatory or other approvals and, if any such amendment will materially adversely affect the rights of an RSU Participant with respect to a Grant, the obtaining of the written consent of such RSU Participant to such amendment. Without limiting the generality of the foregoing, the Board may make the following amendments to the 2018 RSU Plan or awards thereunder, without obtaining shareholder approval:

- a) Amendments to the terms and conditions of the 2018 RSU Plan or awards thereunder, necessary to ensure that the 2018 RSU Plan or awards thereunder complies with the applicable laws, regulations, rules, orders of governmental or regulatory authorities or the requirements of the TSX in place from time to time;
- b) Amendments to the provisions of the 2018 RSU Plan or awards thereunder respecting administration of the 2018 RSU Plan and eligibility for participation under the 2018 RSU Plan;
- c) Amendments to the provisions of the 2018 RSU Plan or awards thereunder respecting the terms and conditions on which Grants may be made pursuant to the 2018 RSU Plan;
- d) Amendments to the 2018 RSU Plan or awards thereunder that are of a "housekeeping" nature; and
- e) Any other amendments, fundamental or otherwise, not requiring shareholder approval under applicable laws or applicable policies of the TSX.

The Board may not, without the approval of the Company's shareholders, make the following amendments to the 2018 RSU Plan:

- a) any extension of the termination or expiry of a grant benefiting an Insider of the Company;
- 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 Company's outstanding capital represented by the common shares; and
- d) amendments to an amending provision within the 2018 RSU Plan.

The Board has determined that the maximum number of RSU Shares issuable under the 2018 RSU Plan shall not, together with all other security-based compensation arrangements of the Company, 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 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 2018 RSU 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.

The policies of TSX require the approval of all unallocated RSU, rights, or entitlements under the 2018 RSU Plan every three years with the next such renewal approval by shareholders on or before May 24, 2021.

The 2018 RSU Plan must be approved by at least a majority of votes cast at the Meeting by the shareholders who vote in respect of the approval of the 2018 RSU Plan (present in person or represented by proxy).

Based on the foregoing, Shareholders are being requested to consider and, if thought advisable, to pass the following ordinary resolution approving the new 2018 RSU Plan, with or without variation:

"WHEREAS the Board of Directors has approved the new 2018 Restricted Share Unit Plan (the "**2018 RSU Plan**") as described in the Company's Management Information Circular for the Meeting held on May 24, 2018, (the "**Circular**"), subject to the approval of the TSX and the holders of common shares;

NOW BE IT RESOLVED that:

- 1 The 2018 RSU Plan, as approved by the Board of Directors, is hereby confirmed and approved;
2. The 2018 RSU Plan providing for the treasury issuance of common shares of the Company upon redemption of restricted share units ("**RSUs**") that are granted after the date hereof until May 24, 2021, substantially as incorporated in the form of the 2018 RSU Plan presented to the shareholders of the Company, is hereby approved, subject to such revisions as may be required by any stock exchange upon which the Company is listed from time to time, and any director or officer of the Company is hereby authorized and directed to settle the terms thereof and to execute and deliver for and on behalf of and in the name of the Company the 2018 RSU Plan and any other documents in relation thereto as may be approved by such director or officer (the "**2018 RSU Plan Documents**"), and the 2018 RSU Plan Documents so executed shall be conclusively deemed to be the 2018 RSU Plan Documents authorized and approved by this resolution and the Company is authorized to perform its obligations under the 2018 RSU Plan and any associated 2018 RSU Plan Documents;
3. Any one director or officer of the Company be and is hereby authorized and directed to do all such acts and things and to execute and deliver, under the corporate seal of the Company or otherwise, all such deeds, documents, instruments and assurances as in his or her opinion may be necessary or desirable to give effect to the foregoing resolutions; and

4. The directors be authorized in their sole discretion not to proceed with the 2018 RSU Plan, or to terminate the 2018 RSU Plan, without further approval from the shareholders.”

The Board has concluded that the 2018 RSU Plan is in the best interests of the Company and its Shareholders. Accordingly, the Board unanimously recommends that the Shareholders approve the 2018 RSU Plan, by voting FOR this resolution at the Meeting.

*The Board of Directors recommends that shareholders vote in favour of this resolution.*

*Proxies received in favour of management will be voted FOR the 2018 RSU Plan unless the Shareholder has specified in the proxy that his or her Common Shares are to be voted against such resolution. Where no choice is specified by a Shareholder, the proxy will confer discretionary authority and will be voted FOR the 2018 RSU Plan Resolution ratifying, confirming and approving the adoption of the 2018 RSU Plan.*

*Reference should be made to the full text of the 2018 RSU Plan, which will be made available at the Company’s Head Office located at Suite 900 – 570 Granville Street, Vancouver, British Columbia V6C 3P1, until 4:00 pm (Vancouver time) on the business day immediately preceding the date of the Meeting and at the Meeting and on the Company’s website at [www.avino.com](http://www.avino.com).*

## **STATEMENT OF EXECUTIVE COMPENSATION**

For purposes of this Statement of Executive Compensation, “named executive officer” of the Company means an individual who, at any time during the year, was:

- (a) the Company’s chief executive officer (“**CEO**”);
  - (b) the Company’s chief financial officer (“**CFO**”);
  - (c) each of the Company’s three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers as at the end of the most recently completed financial year and whose total compensation exceeded \$150,000; and
  - (d) any additional individuals for whom disclosure would have been provided under (c) except that the individuals was not serving as an officer of the Company, nor acting in a similar capacity, at the end of the most recently completed financial year;
- each a “Named Executive Officer” (“**NEO**”).

For the financial year ended December 31, 2017, the Named Executive Officers of the Company were:

David Wolfin, President and CEO  
Malcolm Davidson, CFO  
J.C. Rodríguez, Chief Operating Officer (“**COO**”)

### **1) 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 award 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 and may or may not be awarded in any financial year. The discretionary bonuses are short-term incentives. 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 Ross Glanville (Chair), Michael Baybak, and Gary Robertson, all of whom are independent, applying the definition set out in Section 1.4 of NI 52-110. See *"Corporate Governance – Compensation Committee"* for a discussion of the role and responsibilities of the Compensation Committee.

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.

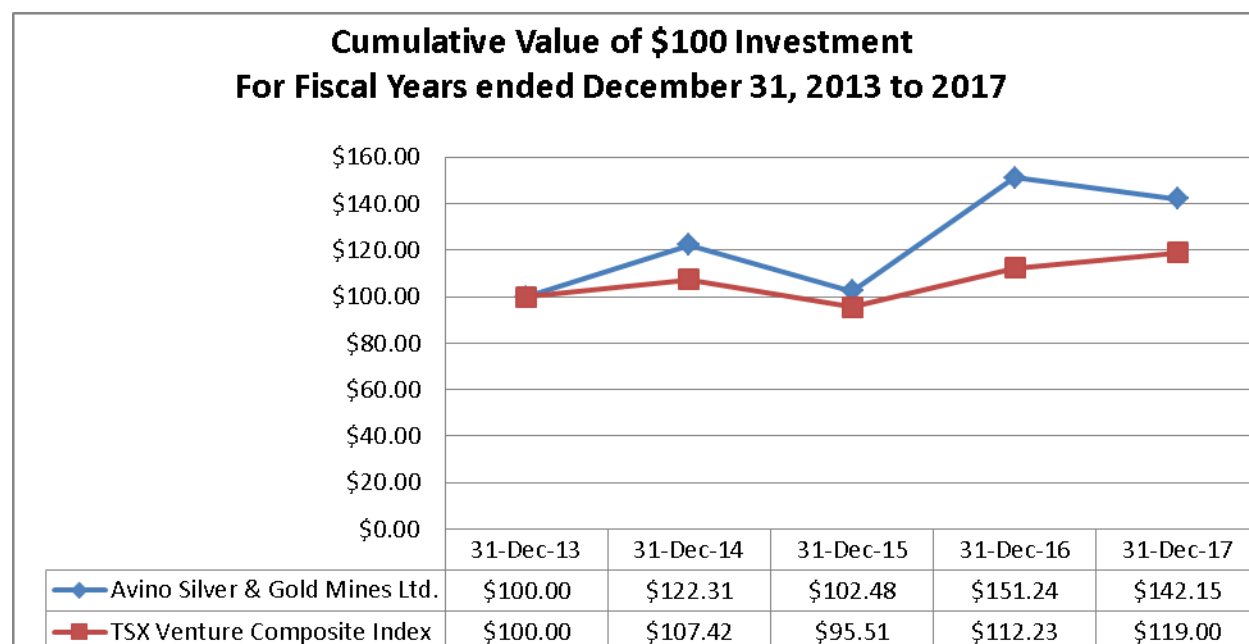
Compensation Element	Description	Compensation Objectives
Annual Base Salary	Salary is market-competitive, fixed level of compensation	Retain qualified leaders, motivate strong business performance
Incentive Bonuses	Discretionary cash payment	Reward individual performance in achieving corporate goals

Compensation Element	Description	Compensation Objectives
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.

### Performance Graph

The following graph compares the yearly change in the cumulative total Shareholder return over the five most recently completed financial years, assuming a \$100 investment in the Common Shares on December 31, 2013 against the return of the TSX Venture Composite Index. The Company did not pay any dividends during this period:



As discussed above, compensation for the Company's Named Executive Officers is comprised of different elements. These include elements relating to factors that do not directly correlate to the market price of the Common Shares, such as base salary, as well as elements that more closely correlate to the Company's performance and financial condition, such as discretionary cash bonus and equity-based incentive awards. The elements of executive compensation are designed to attract and retain top quality executives to manage and grow the business through both adverse and favourable economic cycles. Stock options form an important component of the compensation package offered to attract qualified individuals to a position and the number of stock options granted varies with the position level.

## 2) 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 last three most recently completed financial years ended December 31, 2017 of the Company to its NEOs:

Name and principal position	Year	Salary (\$)	Share-based awards (\$) <sup>(1)</sup>	Option-based awards (\$) <sup>(2)</sup>	Non-equity incentive plan compensation (\$) <sup>(3)</sup>	Pension value (\$) <sup>(4)</sup>	All other compensation (\$) <sup>(5)</sup>	Total compensation (\$)
David Wolfin <sup>(6)(8)</sup> President, CEO and Director	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
	2015	215,079	NIL	NIL	NIL	NIL	405,287	620,366
Malcolm Davidson CFO <sup>(8)</sup>	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
	2015	129,172	NIL	NIL	NIL	NIL	7,579	136,751
J.C. Rodríguez COO <sup>(7)</sup>	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
	2015	176,321	NIL	NIL	NIL	NIL	40,669	216,960

- (1) The Share Based Awards are in the form of RSUs. The RSU Plan was approved by shareholders on May 27, 2016. During the year ended December 31, 2017, 80,500 RSUs were granted to officers, directors, employees and consultants. None of the 80,500 RSUs have yet been vested. The value of the RSUs above is based on the closing price of the Common Shares on the September 20, 2017 grant-date. The closing market price on September 20, 2017 was C\$1.98 per common share. The RSUs 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, 2017.
- (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, 2017, 1,475,000 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 1.80%, expected dividend yield of 0%, expected option life of 5 years, and expected share price volatility of 68.23%.
- (3) The Company does not have a non-equity incentive plan.
- (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 2017, Mr. Rodríguez' salary of MXP 3,349,594, was converted into US dollars by applying an exchange rate of 1MXP = US\$0.0529
- (8) All compensation to Mr. David Wolfin and Mr. Malcolm Davidson are paid in Canadian dollars and are converted into US dollars by applying an exchange rate of US\$1.00 = C\$1.2986 for 2017, US\$1.00 = C\$1.3252 for 2016, and US\$1.00 = C\$1.2786 for 2015, 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 complexity) within the precious metals industry as well as a 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.

### **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 formal stock option and 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 restricted share unit plan (the "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 to be determined by the board of directors, for any RSUs awarded. The RSU Plan was approved by the shareholders of Avino on May 27, 2016. On September 2, 2016, 790,000 RSUs were granted to officers, directors, employees, and consultants, and on September 20, 2017, a total of 80,500 RSUs were granted to officers, directors, employees, and consultants. The RSUs 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. 18,676 RSUs were subsequently cancelled during 2017.

The 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 determines is suitable. All previous grants of equity-based incentive awards are taken into account when considering new grants.

### **3) EQUITY-BASED INCENTIVE PLAN AWARDS**

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

The following table sets forth the options granted to the NEOs to purchase or acquire securities of the Company outstanding at December 31, 2017:



Option-based Awards					Share-based Awards		
Name	Number of securities underlying unexercised options (#)	Option exercise price (\$) <sup>(3)</sup>	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(1)(4)</sup>	Number of shares or units of shares that have not vested (#) <sup>(2)</sup>	Market or payout value of share-based awards that have not vested (\$) <sup>(2)(4)</sup>	Market or payout value of vested share-based awards not paid out or distributed (\$) <sup>(2)(4)</sup>
David Wolfin President, CEO and Director	30,000	\$1.62	Sept 9, 2018	2,310	166,667	378,614	Nil
	100,000	\$1.90	Sept 19, 2019	Nil	13,000	19,821	Nil
	25,000	\$2.95	Sept 2, 2021	Nil	Nil	Nil	Nil
	250,000	\$1.98	Sept. 20, 2022	Nil	Nil	Nil	Nil
Malcolm Davidson CFO	25,000	\$1.60	Feb 18, 2018	2,310	50,000	113,584	Nil
	15,000	\$1.62	Sept 9, 2018	1,115	7,500	11,435	Nil
	50,000	\$1.90	Sept 19, 2019	Nil	Nil	Nil	Nil
	50,000	\$2.95	Sept 2, 2021	Nil	Nil	Nil	Nil
	125,000	\$1.98	Sept. 20, 2022	Nil	Nil	Nil	Nil
J.C. Rodríguez COO	25,000	\$1.60	Feb 18, 2018	2,310	50,000	113,584	Nil
	10,000	\$1.62	Sept 9, 2018	770	7,500	11,435	Nil
	50,000	\$1.90	Sept 19, 2019	Nil	Nil	Nil	Nil
	50,000	\$2.95	Sept 2, 2021	Nil	Nil	Nil	Nil
	125,000	\$1.98	Sept. 20, 2022	Nil	Nil	Nil	Nil

- (1) In-the-Money Options are the difference between the market value of the underlying securities at December 31, 2017 and the exercise price of the option. The closing market price for the Company's common shares as at December 31, 2017 was C\$1.72 per common share.
- (2) The Share Based Awards is in the form of RSUs. The RSU Plan was approved by shareholders on May 27, 2016. During the year ended December 31, 2016, 790,000 RSUs were granted to officers, directors, employees and consultants and during the year ended December 31, 2017, 80,500 RSUs were granted to officers, directors, employees, and consultants. The value of the RSUs above is based on the closing price of the Common Shares on the date of each grant. The closing market price on September 2, 2016 was C\$2.95 per common share and the closing market price on September 20, 2017 was C\$1.98 per common share. On September 15, 2017, the first tranche of the September 2, 2016 RSU grant were vested and 257,152 common shares were issued to officers, directors, employees and consultants.
- (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\$1.2986, which represents the average exchange rate for the year quoted by the Bank of Canada.

### 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 NEOs during the most recently completed financial year ended December 31, 2017:

<b>Name</b>	<b>Option-based awards – Value vested during the year (\$)<sup>(1)(3)</sup></b>	<b>Share-based awards – Value vested during the year (\$)<sup>(2)(3)</sup></b>	<b>Non-equity incentive plan compensation – Value earned during the year (\$)<sup>(3)</sup></b>
David Wolfin President, CEO and Director	Nil	137,969	Nil
Malcolm Davidson CFO	Nil	41,391	Nil
J.C. Rodríguez COO	Nil	41,391	Nil

- (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 price was C\$2.15, which represents the share price on September 2, 2017, 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\$1.2986, which represents the average exchange rate for the year quoted by the Bank of Canada.

#### **4) 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.

#### **5) TERMINATION AND CHANGE OF CONTROL BENEFITS**

On January 1, 2016, the Company entered into a consulting agreement with Intermark Capital Corporation (the “Consultant”), 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 engagement or change of control.

This consulting 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 fees; or
- (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.

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

This employment agreement may be terminated at any time as follows:

- (a) by the CFO electing to give the Company not less than 1 month's prior notice of such termination for which the CFO 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 CFO'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 CFO 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 CFO so elects to terminate this Agreement, or (2) by the Company upon notice to the CFO within 3 months prior to or within 6 months after a Change of Control is announced by the Company, then the CFO will be entitled to receive on the date of termination a termination payment equal to 3 times the CFO'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.

On July 1, 2013, the Company entered into an employment agreement with J.C. Rodríguez, the COO and a named executive officer of the Company. The employment agreement was further amended on April 14, 2014. This employment agreement may be terminated at any time as follows:

- (a) by the COO electing to give the Company not less than 3 months prior notice of such termination;
- (b) by the Company electing to give the COO 3 months' prior notice of such termination along with a termination payment equal to the sum of the COO's salary earned pursuant to the employment agreement 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 COO 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 COO so elects to terminate this Agreement, or (2) by the Company upon notice to the COO within 3 months prior to or within 6 months after a Change of Control is announced by the Company, then the COO will be entitled to a termination payment equal to 3 times the sum of COO's salary earned pursuant to 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" as used above 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.

## 6) DIRECTOR COMPENSATION

The following table sets forth the value of all compensation paid 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, 2017:

Name	Fees earned <sup>(6)</sup> (\$)	Share-based awards <sup>(1) (6)</sup> (\$)	Option-based awards <sup>(2)(6)</sup> (\$)	Non-equity incentive plan compensation <sup>(3)(6)</sup> (\$)	Pension value <sup>(4)(6)</sup> (\$)	All other compensation <sup>(6)</sup> (\$)	Total <sup>(6)</sup> (\$)
Michael Baybak*	36,193	57,019	87,787	Nil	Nil	Nil	180,998
Gary Robertson*	55,444	86,169	131,680	Nil	Nil	Nil	273,293
Jasman Yee <sup>(5)</sup>	30,802	85,528	109,734	Nil	Nil	58,217	284,281
Ross Glanville*	35,423	57,019	87,787	Nil	Nil	Nil	180,229

\*Independent and Non-Employee Directors

- (1) The Share Based Awards are in the form of RSUs. The RSU Plan was approved by shareholders on May 27, 2016. During the year ended December 31, 2017, 80,500 RSUs were granted to officers, directors, employees and consultants. None of such RSUs have yet been vested. The value of the RSUs above is based on the closing price of the Common Shares on the September 20, 2017 grant-date. The closing market price on September 20, 2017 was C\$1.98 per common share. The RSUs vest one-third annually over three years, and the amount above reflects the accrual for unvested share-based awards as at December 31, 2017.
- (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, 2017, 1,475,000 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 1.80%, expected dividend yield of 0%, expected option life of 5 years, and expected share price volatility of 68.23%.
- (3) The Company does not have a non-equity incentive plan
- (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\$1.2986, which represents the average exchange rate for the 2017 quoted by the Bank of Canada.

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	\$23,102*
Annual Retainer for Board Chair	\$23,100*
Annual Retainer for Audit Committee Chair	\$6,160*
Annual Retainer for Compensation Committee Chair	\$3,850*
Annual Retainer for Governance & Nominating Committee Chair	\$3,850*
Meeting Attendance Fee per Meeting	\$770*

\*All director compensation is paid in Canadian dollars and is converted into US dollars by applying an exchange rate of US\$1.00 = C\$1.2986, which represents the average exchange rate for the 2017 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 RSU plans of the Company and in accordance with the policies of the Toronto Stock Exchange (the “TSX”). The Company graduated from the TSX Venture Exchange to the Toronto Stock Exchange on January 8, 2018.

### Outstanding share-based awards and option-based awards

The following table sets forth the options granted to the directors to purchase or acquire securities of the Company outstanding at December 31, 2017:

Name <sup>(1)</sup>	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (C\$) <sup>(4)</sup>	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(2)(5)</sup>	Number of shares or units of shares that have not vested (#) <sup>(3)</sup>	Market or payout value of share-based awards that have not vested (\$) <sup>(3)(5)</sup>	Market or payout value of share-based awards not paid out or distributed (\$) <sup>(3)(5)</sup>
Michael Baybak	25,000	\$1.60	Feb 18, 2018	\$2,310	33,334	75,724	Nil
	30,000	\$1.62	Sept 9, 2018	\$2,310	5,000	7,624	Nil
	75,000	\$1.90	Sept 19, 2019	Nil	Nil	Nil	Nil
	75,000	\$2.95	Sept 2, 2021	Nil	Nil	Nil	Nil
	100,000	\$1.98	Sept 20, 2022	Nil	Nil	Nil	Nil
Gary Robertson	25,000	\$1.60	Feb 18, 2018	\$2,310	50,000	113,584	Nil
	30,000	\$1.62	Sept 9, 2018	\$2,310	10,000	15,247	Nil
	75,000	\$1.90	Sept 19, 2019	Nil	Nil	Nil	Nil
	100,000	\$2.95	Sept 2, 2021	Nil	Nil	Nil	Nil
	150,000	\$1.98	Sept 20, 2022	Nil	Nil	Nil	Nil
Jasman Yee	25,000	\$1.60	Feb 18, 2018	\$2,310	50,000	113,584	Nil
	30,000	\$1.62	Sept 9, 2018	\$2,310	7,500	11,435	Nil
	75,000	\$1.90	Sept 19, 2019	Nil	Nil	Nil	Nil
	50,000	\$2.95	Sept 2, 2021	Nil	Nil	Nil	Nil
	125,000	\$1.98	Sept 20, 2022	Nil	Nil	Nil	Nil
Ross Glanville	75,000	\$1.90	Sept 19, 2019	Nil	33,334	75,724	Nil
	75,000	\$2.95	Sept 2, 2021	Nil	5,000	7,624	Nil
	100,000	\$1.98	Sept 20, 2022	Nil	Nil	Nil	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, 2017 and the exercise price of the option. The closing market price of the Company’s common shares as at December 31, 2017 was C\$1.72 per common share.
- (3) The Share Based Awards is in the form of RSUs. The RSU Plan was approved by shareholders on May 27, 2016. During the year ended December 31, 2017, 80,500 RSUs were granted to officers, directors, employees, and consultants. The value of the RSUs above is based on the closing price of the Common Shares on the date of each grant. The closing market price on September 2, 2016 was C\$2.95 per common share and the closing market price on September 20, 2017 was C\$1.98 per common share. On September 15, 2017, the first

tranche of the September 2, 2016 RSU grant was vested and 257,152 common shares were issued to officers, directors, employees and consultants.

- (4) 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.
- (5) The Awards are calculated in Canadian dollars and are converted into US dollars by applying an exchange rate of US\$1.00 = C\$1.2986, which represents the average exchange rate for the year quoted by the Bank of Canada.

### 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, 2017:

Name <sup>(1)</sup>	Option-based awards – Value vested during the year (\$) <sup>(2)(4)</sup>	Share-based awards – Value vested during the year (\$) <sup>(3)(4)</sup>	Non-equity incentive plan compensation – Value earned during the year (\$) <sup>(4)</sup>
Michael Baybak	Nil	27,593	Nil
Gary Robertson	Nil	41,391	Nil
Jasman Yee	Nil	41,391	Nil
Ross Glanville	Nil	27,593	Nil

- (1) For the compensation of David Wolfen, 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 price was CDN \$2.15, which represents the share price on September 2, 2017, 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 = CDN\$1.2986, which represents the average exchange rate for the year quoted by the Bank of Canada.

### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table provides information regarding the Company’s equity compensation plans as of December 31, 2017, under which securities of the Company are authorized for issuance to directors, officers, employees, and consultants of the Company and its affiliates:

#### Equity Compensation Plan Information

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column “A”)
Equity compensation plans approved by Shareholders <ul style="list-style-type: none"> <li>Stock Option Plan</li> <li>RSU Plan <sup>(1)</sup></li> </ul>	3,311,000 80,500	\$2.12 \$2.82 <sup>(2)</sup>	1,092,815 60
Equity compensation plans not approved by Shareholders	Nil	Nil	793,440
Total:	<b>3,391,500</b>		<b>1,886,315</b>

- (1) The RSUs entitle 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.

- (2) The weighted average fair value at the measurement date was based on the TSX-V market price of the Company's shares on the date the RSUs were granted. The Company graduated from the TSX Venture Exchange to the Toronto Stock Exchange on January 8, 2018.

In accordance with the rules of the TSX, the following table sets forth the annual burn rate, calculated in accordance with s.613(d) of the TSX Company Manual, of each of our security-based compensation arrangements for the three most recently completed financial years:

	<b>2017 Burn Rate <sup>(1)</sup></b>	<b>2016 Burn Rate <sup>(1)</sup></b>	<b>2015 Burn Rate <sup>(1)</sup></b>
Stock Option Plan	2.81%	1.88%	0.14%
RSU Plan	0.15%	1.85%	0.00%

- (1) Annual burn rate is expressed as a percentage and is calculated by dividing the number of securities granted under the specific plan during the applicable fiscal year by the weighted average number of securities outstanding for the applicable fiscal year.

## **MANAGEMENT CONTRACTS**

Management functions of the Company are not, to any degree, performed by a person or persons other than the directors or executive officers of the Company. The Company has not entered into any contracts, agreements or arrangements with parties other than its directors and executive officers for the provision of such management functions.

## **INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS**

None of the directors or senior officers of the Company, no proposed nominee for election as a director of the Company, and no associates or affiliates of any of them, is or has been indebted to the Company or its subsidiaries at any time since the beginning of the Company's last completed financial year.

## **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

No informed persons of the Company, no proposed nominee for election as a director of the Company and no associate or affiliate of any of the foregoing, has any material interest, direct or indirect, in any transaction since the commencement of the Company's last financial year or in any proposed transaction, which, in either case, has materially affected or will materially affect the Company or any of its subsidiaries other than as disclosed under the heading "Particulars of Matters to be Acted Upon".

## **INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON**

Other than as set forth herein, management of the Company is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, other than the election of directors or the appointment of auditors, of any person or company who has been: (a) if the solicitation is made by or on behalf of management of the Company, a director or executive officer of the Company at any time since the beginning of the Company's last financial year; (b) if the solicitation is made other than by or on behalf of management of the Company, any person or company by whom or on whose behalf, directly or indirectly, the solicitation is made; (c) any proposed nominee for election as a director of the Company; or (d) any associate or affiliate of any of the foregoing persons or companies.

## STATEMENT OF CORPORATE GOVERNANCE PRACTICES

National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“**NI 58-101**”) requires issuers, such as the Company, to provide disclosure with respect to their corporate governance practices in accordance with Form 58-101F1. The required disclosure for the Company is set out below.

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the Shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day-to-day management of the Company. The Board is committed to sound corporate governance practices that are both in the interest of its Shareholders and contribute to effective and efficient decision making. NI 58-101 and NP 58-201 establish corporate governance practices, guidelines and disclosure procedures that apply to all public companies. NI 58-101 mandates disclosure of corporate governance practices in Form 58-101F1, which disclosure is set out below.

### Board of Directors

Name	Position	Independent/Non Independent
Gary Robertson	Director, Chairman of the Board, and Chairman of Audit Committee	Independent
Ross Glanville	Director, Chairman of Compensation Committee	Independent
Michael Baybak	Director, Chairman of Governance & Nominating Committee	Independent
Jasman Yee	Director	Non-Independent
David Wolfin	Director, President and CEO	Non-Independent

NP 58-201 states that the Board of every listed company should be constituted with a majority of individuals who qualify as “independent” directors under National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”), which provides that a director is independent if he or she has no direct or indirect “material relationship” with the Company. “Material relationship” is defined as a relationship that could, in the view of the Company’s Board, be reasonably expected to interfere with the exercise of a director’s independent judgment. Of the proposed directors, all except David Wolfin, who currently serves as the Company’s President and CEO, and Jasman Yee, who currently serves as a metallurgical consultant to the Company, are considered by the Board to be “independent” within the meaning of applicable securities legislation. In making the foregoing determinations with respect to the independence of each of the Company’s individual directors, the circumstances of each director have been examined in relation to a number of factors, including a review of the resumés of the directors and the corporate relationships and other directorships held by each of them and their prior involvement (if any) with management of the Company.

The Board of Directors is currently comprised of five directors. The size and experience of the Board of Directors is important for providing the Company with effective governance in the mining industry. The Board of Directors’ mandate and responsibilities can be effectively and efficiently administered at its current size. The Board of Directors 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.

Procedures are in place to allow the Board of Directors to function independently. At the present time, the Board of Directors consists of experienced directors that have made a significant contribution to the Company’s success, and are 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.



## Meetings of Independent Directors

Each meeting of the Board includes a session whereby independent members may meet in the absence of management. Independent directors are also free to meet separately at any time or to require management to withdraw during certain discussions. Additionally, the Audit Committee is composed entirely of independent directors and may meet as often as deemed necessary.

## Other Directorships

As of the current date, certain of the Company's directors are presently on the boards of other public companies as follows:

Director	Other Reporting Issuers
David Wolfin Director, President & CEO	Berkley Renewables Inc. Coral Gold Resources Ltd. Gray Rock Resources Ltd. Great Thunder Gold Corp.
Gary Robertson Director, Chairman	Coral Gold Resources Ltd. Levon Resources Ltd. Sage Gold Ltd.
Ross Glanville Director	SilverCrest Metals Inc.

## Board and Committee Meetings

The Board generally meets a minimum of four times per year, at least every quarter. The independent directors regularly meet in-camera, without management present, during each Board and Committee meeting. The Audit Committee meets at least four times per year. The Governance & Nominating Committee and Compensation Committee meet at least two times per year or as deemed necessary. The frequency of the meetings and the nature of the meeting agendas are dependent upon the nature of the business and affairs which the Company faces from time to time. During the year ended December 31, 2017, the Board held six meetings, the Audit Committee held four meetings; the Compensation Committee held two meetings and the Governance & Nominating Committee held two meetings. A summary of the Directors' attendance at Board and Committee Meetings held in 2017 is as follows:

Name	Board Meetings	Audit Committee Meetings	Governance & Nominating Committee Meetings	Compensation Committee Meetings
Gary Robertson	6 of 6	4 of 4	N/A	2 of 2
Ross Glanville	6 of 6	4 of 4	2 of 2	2 of 2
Michael Baybak	6 of 6	4 of 4	2 of 2	2 of 2
Jasman Yee	6 of 6	4 of 4	2 of 2	2 of 2
David Wolfin	6 of 6	4 of 4	N/A	N/A

## Board Mandate

The Board has adopted a Board Mandate, the full text of which is included as Schedule "A" to this Circular. A copy of the Mandate is also available on the Company's website at [www.avino.com](http://www.avino.com)

## **Position Descriptions**

Written position descriptions and roles and responsibilities have been developed by the Board for the Chief Executive Officer and Chairman of the Board.

The most Senior Executive in Avino's organization is the Chief Executive Officer (CEO), David Wolfin. The CEO is the operational head of the Company.

Avino's CEO provides leadership and vision allowing him to manage the Company in the best interests of its shareholders, and he manages the daily business affairs of the Company within the guidelines established by the Board. Specific responsibilities include: Overseeing the vice presidents and department managers of the Company, developing and recommending business plans for the Board's consideration, submitting financial reports (with the assistance of the CFO) and helping in and presenting Annual Budgets and Financial Statements, together with implementing all approved plans, policies and programs. The CEO sets targets, has a keen awareness of the business, and stays abreast of the economic and political environment. He reviews the ongoing administration and development, protects and enhances the Company's reputation and ensures the Company meets all compliance legal and regulatory obligations.

Additional commitments: David Wolfin, CEO communicates the strategic direction of the Company and involves the necessary employees to help build a strategic vision. He clarifies what will be done so that all Directors and key-employees are well informed. Guided by the CEO everyone in the organization, who needs to know, will know, the direction, values, attitudes, goals, as he instills behaviors that determined how things will be done to make the Company run smoothly during any occasion. Mr. Wolfin monitors the operation carefully and is involved enough to achieve a proper business culture. His goal is to provide a proper balance of resources for all departments and initiatives; according to the Company's mission. Mr. Wolfin spends a lot of time traveling to Avino's operations, ensuring Avino has the right people in the right positions with the right skills, which are critical to the process.

Tasked with making the final decision, he takes on the position of a CEO's responsibility for the Company's best performance. David Wolfin, CEO takes an active role in driving the performance, setting the levels to reach, and describing the course the Company will have to travel to meet future current and future goals.

The Chairman of the Board, Gary Robertson, is also an Independent Director. As Chairman of the Board he provides oversight of management and a layer of supervision of the affairs of the business as follows:

As Chairman he is the liaison between the Board and key management of the Company through the CEO, ensuring efficient operation of the Board and its obligations to the Company and shareholders. He provides oversight of the Board in all meetings including the Annual General Meeting for shareholders, he coordinates the Agenda for Board meetings, and assists the Corporate Governance Committee with its annual review of the performance of Directors and the functionality of the Board. As Chairman of the Board he preserves the separation between the Board and the CEO (and management), and is the communicator of Board decisions to the CEO. The Chairman is independent from management, and free of any interest or business relationship, which could interfere with the Chairman's independent judgement -- other than his interest in his shareholdings in the Company and/or other remuneration for attending to the position of Chairman of the Board.

In addition, the Chairman provides independent counsel to the CEO, he keeps Directors informed of the activities of the Company and its management, and he ensures that Directors are kept properly informed on information required to enable them to make sound decisions. He chairs the meetings of the Board, and he recommends an annual schedule of dates and times for Board and Committee meetings throughout the year, he will sit on Committees of the Board (as determined by the Board, and he will often sit as a

guest attendee to listen in on Committees he does not serve on). He will call Special Meetings of the Board when and where appropriate.

The Chairman ensures all committees are run properly and effectively and assesses all Committees on an annual basis.

The Board has three (3) committees: the Audit Committee, Governance and Nominating Committee, and the Compensation Committee. The chair of each committee is required to ensure that the committee meets when required and performs its duties as set forth in the charter, and to report to the Board on the activities of the committee. Because the size and nature of the Company's business allows each director to understand his role in progressing the Company's operations, the Board has not yet developed written position descriptions for the Chair of each Board committee.

### **Orientation and Continuing Education**

New directors are provided with an Orientation Manual. Directors have the opportunity to meet with senior management to obtain insight into the operations of the Company. New directors are briefed on the Company's current property holdings, ongoing exploration programs and mining operations, overall strategic plans, corporate objectives, financials status, general business risks and mitigation strategies, and existing company policies. Senior management also makes regular presentations to the Board at its meetings and all directors are encouraged to communicate directly with management and other staff.

The skills and knowledge of the Board as a whole are such that no formal continuing education process is currently deemed required. The Board is comprised of individuals with varying backgrounds, who have, both collectively and individually, extensive experience in running and managing public companies. It is the Company's view that all current members of the Board are well-versed and educated in the factors critical to the success of the Company. Board members are encouraged to communicate with management, auditors and technical consultants to keep themselves current with industry trends and developments and changes in legislation, with management's assistance. Board members have full access to the Company's records. Reference is made to the table under the heading "Election of Directors" for a description of the current principal occupations of the members of the Board.

### **Ethical Business Conduct**

The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board of Directors in which the director has an interest have been sufficient to ensure that the Board of Directors operates independently of management and in the best interests of the Company.

The Board has also adopted a formal Code of Conduct (the "**Code**") and the Code is applied to all directors, officers and employees. A copy of the Code is available at the Company's website at [www.avino.com](http://www.avino.com).

### **Insider Trading Policy**

The Board adopted an Insider Trading Policy in June, 2013, (subsequently amended in February 2017). The Insider Trading Policy prescribes rules with respect to trading in securities of the Company where there is any undisclosed material information or a pending material development. Strict compliance with the provisions of this policy is required, with a view to enhancing investor confidence in the Company's securities and contributing to ethical business conduct by the Company's personnel. A copy of the Insider Trading Policy is available on the Company's website at [www.avino.com](http://www.avino.com)

## **Disclosure and Confidentiality Policy**

The Board adopted a Disclosure and Confidentiality Policy in February, 2017. The purpose of the Disclosure and Confidentiality Policy is to establish procedures which permit the disclosure of information about the Company and its subsidiaries to the public in a timely manner and to ensure that when information has not been publicly disclosed it remains confidential. Strict adherence to this Policy will help the Company maintain credibility in the marketplace by ensuring that all investors in securities of the Company have equal access to information that may affect their investment decisions. The Disclosure Committee consists of the members of management, investor relations officer, qualified person(s), and such other persons as are designated from time to time by the board of directors of the Company. A copy of the Disclosure and Confidentiality Policy is available on the Company's website at [www.avino.com](http://www.avino.com).

## **Whistleblower Policy**

The Board adopted a Whistleblower Policy on December 19, 2017.

The Board, upon the recommendations of the Audit Committee, has established procedures for the receipt, retention, and treatment of complaints regarding accounting, internal controls, or auditing matters, and other corporate misconduct and breaches of the Code of Conduct. The Whistleblower policy is designed to encourage ethical behavior by all of the Company directors, officers, and employees, and provides details and procedures for submitting a complaint or concern to the Chairman of the Audit Committee of any wrong-doing.

To ensure that all employees, officers, and directors are aware of the Policy, a copy of the policy will be provided in the appropriate language (English or Spanish, as the case may be) to all employees, officers and directors. All employees, officers, and directors will be informed whenever significant changes are made.

Everyone at the Company is responsible for ensuring that the workplace is free from all forms of discrimination, harassment, and retaliation. No employees, officers or directors of the Company have the authority to engage in any conduct prohibited by this policy. Reporting can be made by submitting a written complaint or concern by mail, fax, or email to the Chairman of the Audit Committee. Once complaints are received, the Chairman of the Audit Committee will review the details of the submissions and will address each matter reported, and corrective and disciplinary actions will be taken, if appropriate. A copy of the Disclosure and Confidentiality Policy is available on the Company's website at [www.avino.com](http://www.avino.com).

## **Term Limits**

The members of the Board are elected annually. The present directors of the Company cease to hold office immediately before the election of directors at the Meeting and the directors are eligible for re-election. The Board has not adopted a formal maximum term limit for directors. The Board strives to be constituted to achieve a balance between experience and the need for renewal and fresh perspective. The Board believes, however, that the imposition of director term limits on a board implicitly discounts the value of experience and continuity amongst Board members and runs the risk of excluding experienced and potentially valuable Board members as a result of an arbitrary determination. The Board believes that it is better served with a regular assessment of the effectiveness of the Board, Board committees and individual directors rather than on arbitrary term limits.

## **Corporate and Board Diversity**

Diversity is an important part of the Company's culture and its operations. Consequently, the Company seeks to recruit and invest in the best available talent. However, the Company has not adopted a written policy relating to the identification and nomination of women directors or regarding the number of women in executive positions because it does not believe that a written policy is the best way to achieve the Company's diversity or business objectives.

Furthermore, on appointing individuals to the Board and executive officer positions, the Company considers a number of factors, including the skills and experience required for the position and the personal attributes of the candidates. The level of representation of women in senior leadership roles is considered by the Company as one such factor.

The Company recognizes the value of individuals with diverse attributes on the Board and in executive officer positions, and is committed to the desirability that there is representation of women on the Board and in executive officer positions. However, the Company has not established a target regarding the number of women on the Board or in executive officer positions, as the Company has determined that a target would not be the most effective way of achieving the Company's diversity or business objectives. There are currently no women on the Board or in 'executive officer' positions (as such term is defined in NI 58-101).

## **Nomination of Directors**

The Board of Directors considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board of Directors' duties effectively and to maintain a diversity of view and experience.

## **Committees of the Board**

### **AUDIT COMMITTEE**

Under 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 the audit and preparation of the audited financial statements, and the difficulty of the audit and performance of the standard auditing procedures under International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards (“IASB”).

## **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 as 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**

Following the election of directors pursuant to this Information Circular, the following will be members of the Audit Committee:

<b>Name</b>	<b>Independent <sup>(1)</sup></b>	<b>Financially Literate <sup>(2)</sup></b>	<b>Education and Experience</b>
Michael Baybak	Yes	Yes	Marketing and Communications
Gary Robertson	Yes	Yes	Certified Financial Planner and director of several reporting issuers
Ross Glanville	Yes	Yes	Mining Consultant, Professional Engineer, Valuator and Certified General Accountant

(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 are 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.

Ross Glanville: Mr. Glanville graduated from the University of British Columbia in 1970 with a Bachelor of Applied Science degree (Mining Engineering) and became a member of the Association of Professional Engineers of British Columbia in 1972 (P. Eng.). In 1974, he obtained a Master of Business Administration degree (MBA), specializing in finance and securities analysis; and in 1980 he became a member of the Certified General Accountants of B.C. (CGA). Since 1985, Mr. Glanville has specialized in valuations, fairness opinions, and litigation support related to the natural resource industry. He has served as a director of several producing mining companies, and has been the Chair of Audit Committees.



## 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 <sup>(5)</sup>	AUDIT RELATED FEES <sup>(2) (5)</sup>	TAX FEES <sup>(3) (1) (5)</sup>	ALL OTHER FEES <sup>(4) (5)</sup>
December 31, 2017 <sup>(1)</sup>	\$176,000	\$7,700	\$Nil	\$6,000
December 31, 2016	\$146,468	\$7,546	\$6,037	\$17,827

(1) Estimated

(2) Travel and expenses

(3) Preparation of corporate tax returns

(4) Procedures and letters related to financings

(5) The fees are in Canadian dollars and are converted into US dollars by applying an exchange rate of US\$1.00 = CDN\$1.2986, which represents the average exchange rate for the year quoted by the Bank of Canada.

For additional information, please refer to the Company's Form 20-F for the fiscal year ended December 31, 2017 and filed on April 2, 2018 as the Company's 2017 Annual Information Form under the Company's SEDAR profile ([www.sedar.com](http://www.sedar.com)).

## GOVERNANCE & NOMINATING COMMITTEE

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

- manage the corporate governance system for the Board of Directors;
- assist the Board of Directors 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;
- assist in the creation of a corporate culture and environment of integrity and accountability;

- iv. monitor the quality of the relationship between the Board of Directors and management of the Company;
- v. review the Chief Executive Officer's succession plan;
- vi. recommend to the Board of Directors' nominees for appointment of the Board;
- vii. Assist the Board of Directors' annual review of the Chief Executive Officer's performance; and
- viii. annually review and set an agenda of the Board of Directors on an ongoing basis.

The Governance and Nominating Committee currently consists of three directors, Jasman Yee, Michael Baybak, and Ross Glanville, two of the three directors to be “unrelated” (Messrs. Glanville and Baybak).

The charter of the Governance and Nominating Committee is available at the Company's website at [www.avino.com](http://www.avino.com).

## **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 Gary Robertson, Ross Glanville, and Michael Baybak, who 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 capitalizations, revenues, and assets, including the following companies; namely, including Americas Silver, Amerigo Resources, Atico Mining, Aura Minerals, Caledonia Mining, Excellon Resources, GoGold Resources, Golden Minerals, Gran Colombia, Great Panther, Jaguar Mining, Marlin Gold, and Serabi 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](http://www.avino.com)

### **Other Board Committees**

The Board has no other committees, other than the Audit Committee, Governance & Nominating Committee and Compensation Committee. The functions of the Audit Committee and Compensation Committee are described above. The function of the Governance & Nominating Committee is to monitor developments in corporate governance, review the Company's corporate governance policies and procedures, and recommend any required revisions or improvements to the Company's corporate governance policies and procedures to the Board of directors.

### **Assessments**

Due to the minimal size of the Company's Board of Directors, no formal policy has been established to monitor the effectiveness of the directors, the Board and its committees.

### **OTHER MATTERS**

MANAGEMENT KNOWS OF NO OTHER MATTERS TO COME BEFORE THE MEETING OTHER THAN THOSE REFERRED TO IN THE NOTICE OF MEETING. HOWEVER, SHOULD ANY OTHER MATTERS PROPERLY COME BEFORE THE MEETING; THE SHARES REPRESENTED BY THE PROXY SOLICITED HEREBY WILL BE VOTED ON SUCH MATTERS IN ACCORDANCE WITH THE BEST JUDGMENT OF THE PERSONS VOTING THE SHARES REPRESENTED BY THE PROXY.

### **ADDITIONAL INFORMATION**

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com). Shareholders may contact the Company at Suite 900 - 570 Granville Street, Vancouver, B.C., V6C 3P1 to request copies of the Company's financial statements and management and discussion and analysis of financial results. Financial information is provided in the Company's comparative financial statements and MD&A for its most recently completed financial year.

### **BOARD APPROVAL**

The contents of this Information Circular have been approved and this mailing has been authorized by the directors of the Company.

Where information contained in this Information Circular, rests specifically within the knowledge of a person other than the Company, the Company has relied upon information furnished by such person.

**By Order of the Board of Directors**

**AVINO SILVER & GOLD MINES LTD.**

***"David Wolfin"***

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David Wolfin, President, CEO and Director

**SCHEDULE “A”**  
**AVINO SILVER & GOLD MINES LTD.**  
**(the “Company”)**

**BOARD OF DIRECTORS’ MANDATE**

**INTRODUCTION**

The fundamental responsibility of the Board of Directors is to appoint a competent senior management team and to oversee the management of the business, with a view to maximizing shareholder value and ensuring corporate conduct in an ethical and legal manner via an appropriate system of corporate governance and internal controls.

The Board is responsible for the management or supervising the management of the Company’s business and affairs. In supervising the conduct of the business, the Board, through the Chief Executive Officer (the “CEO”), sets the standards of conduct for the Company.

**COMPOSITION OF THE BOARD**

1. Each director must be qualified to serve as a director pursuant to, and meet the requirements of, the *Business Corporations Act* (British Columbia) (the “Act”), all applicable securities laws and the rules, instruments, policies, regulations and guidelines of all applicable securities regulatory authorities, including without limitation the securities commissions in each of the provinces of Canada, and all stock exchanges on which the Company’s securities are listed, including without limitation the TSX Venture Exchange and NYSE MKT (collectively, “Applicable Laws”).
2. The Board will be consisting of a majority of the “independent directors” as determined by Applicable Laws.
3. Nominees for directors are approved by the Board and elected annually at the Company’s annual general meeting of shareholders.

**DUTIES AND RESPONSIBILITIES**

**The Act requires that each director:**

- (a) acts honestly and in good faith with a view to the best interests of the Company, including the duty:
  - (i) to disclose conflicts of interest;
  - (ii) not to appropriate or divert corporate opportunities;
  - (iii) to maintain confidential information of the Company and not use such information for personal benefit; and
  - (iv) not to disclose information vital to the business of the Company in the possession of a director;
- (b) exercises the care, diligence, and skill that a reasonably prudent individual would exercise in comparable circumstances; and
- (c) acts in accordance with the Act and the Company’s Articles.

## **1. Meetings of the Board**

- (a) The Board will meet a minimum of four times per year and may also hold additional meetings as considered necessary.
- (b) Each director of the Company is expected to use all reasonable efforts to attend all regularly scheduled Board and applicable committee meetings, except to the extent that any absence is due to medical or other valid reasons.
- (c) An *in-camera* session will be available for all independent directors at every Board meeting, if requested.

## **2. Managing the Affairs of the Board**

The Board operates by delegating certain of its responsibilities and authority, including spending authorizations, to management, and by reserving certain powers to itself. Certain of the powers that the Board retains may be delegated to committees of the Board, pursuant to the policies, mandates and charters of such committees as approved by the Board.

The Board retains the responsibility for managing its own affairs, including:

- (a) annually reviewing the skills and experience represented on the Board in light of the Company's strategic direction and approving a Board composition plan recommended by the Governance & Nominating Committee;
- (b) annually, following each annual general meeting of shareholders:
  - (i) electing a Chair of the Board and appointing the President and CEO of the Company,
  - (ii) on the recommendation of the CEO, appointing the senior officers of the Company, and
  - (iii) appointing committees of the Board, including an Audit Committee, Governance & Nominating Committee, Compensation Committee, and any other standing committee the Board determines is necessary or advisable from time to time, and determining the composition of those committees;
- (c) establishing from time to time, as determined necessary or advisable by the Board, special committees of the Board;
- (d) periodically setting and updating (from time to time as determined to be necessary by the Board) the policies, mandates, and charters of the committees of the Board, as applicable;
- (e) determining and implementing an appropriate process for assessing the effectiveness of the Board, the Chair of the Board, each committee of the Board and each individual director in fulfilling their respective responsibilities;
- (f) periodically assessing the adequacy and form of director compensation, after considering recommendations by the Compensation Committee;
- (g) assuming responsibility for the Company's governance practices;
- (h) establishing new director orientation and ongoing director education processes;
- (i) ensuring that the independent directors meet regularly without executive directors and management present; and
- (j) to the extent feasible, satisfying itself as to the integrity of the Board as a whole.

### **3. Management Responsibility**

The Board has the responsibility to:

- (a) Appoint the CEO and senior officers, approve their compensation, and monitor the CEO's performance against a set of mutually agreed corporate objectives directed at maximizing shareholder value.
- (b) In conjunction with the CEO, develop a clear mandate for the CEO, which includes a delineation of senior management's responsibilities.
- (c) Ensure that a process is established that adequately provides for succession planning, including the appointing, training and monitoring of senior management.
- (d) Establish limits of authority delegated to senior management.
- (e) Annual review and adoption of a strategic planning process and approval of the corporate strategic plan, which takes into account, among other things, the opportunities and risks of the business.

### **4. Financial and Corporate Matters**

The Board has the responsibility to:

- (a) review and approve the Company's financial statements and oversee the Company's compliance with applicable audit, accounting and reporting requirements;
- (b) approve annual operating and capital budgets;
- (c) review operating and financial performance results relative to established strategy, budgets and objectives;
- (d) take reasonable steps to ensure the implementation and integrity of the Company's internal control and management information systems;
- (e) review and approve release by management of any materials reporting on the Company's financial performance or providing guidance on future results to its shareholders;
- (f) ensure the Company's public disclosure is disseminated on a timely and regular basis in accordance with Applicable Law, accurately and fairly reflects the state of affairs of the Company, and is in accordance with generally accepted accounting principles, including quarterly results press releases and quarterly financial statements, any guidance provided by the Company on future results, Company information circulars, annual information forms, annual reports, prospectuses and registration statements;
- (g) ensure the CEO and CFO certify the Company's annual and interim financial statements, annual and interim MD&A and Annual Information Form, and that the content of the certification meets all legal and regulatory requirements;
- (h) approve financings, issuances and repurchases of shares, issuances of debt securities, listings of shares and other securities, issuances of commercial paper, and prospectuses or registration statements; and recommend changes in the Company's authorized share capital to shareholders for their approval, if required by Applicable Laws;
- (i) approve the incurrence of any material debt by the Company outside the ordinary course of business;
- (j) approve the commencement or settlement of litigation that may have a material impact on the Company; and
- (k) recommend to the Company's shareholders the appointment of external auditors and, if so authorized by the Company's shareholders, approve auditors' fees.

## **5. Board Process / Effectiveness**

- (a) Ensure that Board materials are distributed to directors in advance of regularly scheduled meetings to allow for sufficient review of the materials prior to the meeting.
- (b) Engage in the process of determining Board member qualifications with the Governance & Nominating Committee, including ensuring that a majority of directors qualify as independent directors pursuant to National Instrument 58-101 *Disclosure of Corporate Governance Practices* (as implemented by the Canadian Securities Administrators and as amended from time to time).
- (c) Approve the nomination of directors.
- (d) Establish an appropriate system of corporate governance, including practices to ensure the Board functions independently of management.
- (e) Establish appropriate practices for the regular evaluation of the effectiveness of the Board, its committees and its members.
- (f) Establish committees and approve their respective mandates and the limits of authority delegated to each committee.
- (g) Review and re-assess the adequacy of the Audit Committee Charter on a regular basis.
- (h) Review the adequacy and form of the directors' compensation to ensure it realistically reflects the responsibilities and risks involved in being a director.
- (i) Each member of the Board is expected to understand the nature and operations of the Company's business, and have an awareness of the political, economic and social trends prevailing in all countries or regions in which the Company invests, or is contemplating potential investment.
- (j) In addition to the above, adherence to all other Board responsibilities as set forth in the Company's Notice of Articles, Articles, applicable policies and practices and other statutory and regulatory obligations.

## **6. Business and Risk Management**

The Board has the responsibility to:

- (a) ensure management identifies the principal risks of the Company's business and implements appropriate systems to manage these risks;
- (b) evaluate and assess information provided by committees of the Board, management and others about principal risks of the Company's business and the effectiveness of risk management systems in place; and
- (c) review the adequacy of security of information, information systems, and recovery plans.

### **EFFECTIVE DATE**

This Mandate was approved and adopted by the Board of Directors of the Company with immediate effect on February 14, 2017 (the "**Effective Date**").

### **GOVERNING LAW**

This Mandate shall be interpreted and enforced in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable in that Province.

**QUESTIONS MAY BE DIRECTED TO THE PROXY SOLICITOR:**



**NORTH AMERICAN TOLL FREE:**

**1-877-452-7184**

**COLLECT OUTSIDE NORTH AMERICA:**

**1-416-304-0211**

**EMAIL: [ASSISTANCE@LAURELHILL.COM](mailto:ASSISTANCE@LAURELHILL.COM)**





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Security Class

Holder Account Number

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## Form of Proxy - Annual General & Special Meeting to be held on May 24, 2018 at 11:00 AM, Pacific Daylight Time

### This Form of Proxy is solicited by and on behalf of Management.

#### Notes to proxy

1. Every holder has the right to appoint some other person or company of their choice, who need not be a holder, to attend and act on their behalf at the meeting or any adjournment or postponement thereof. If you wish to appoint a person or company other than the persons whose names are printed herein, please insert the name of your chosen proxyholder in the space provided (see reverse).
2. If the securities are registered in the name of more than one owner (for example, joint ownership, trustees, executors, etc.), then all those registered should sign this proxy. If you are voting on behalf of a corporation or another individual you must sign this proxy with signing capacity stated, and you may be required to provide documentation evidencing your power to sign this proxy.
3. This proxy should be signed in the exact manner as the name(s) appear(s) on the proxy.
4. If this proxy is not dated, it will be deemed to bear the date on which it is mailed by Management to the holder.
5. **The securities represented by this proxy will be voted as directed by the holder, however, if such a direction is not made in respect of any matter, this proxy will be voted as recommended by Management.**
6. The securities represented by this proxy will be voted in favour or withheld from voting or voted against each of the matters described herein, as applicable, in accordance with the instructions of the holder, on any ballot that may be called for and, if the holder has specified a choice with respect to any matter to be acted on, the securities will be voted accordingly.
7. This proxy confers discretionary authority in respect of amendments or variations to matters identified in the Notice of Meeting or other matters that may properly come before the meeting or any adjournment or postponement thereof.
8. This proxy should be read in conjunction with the accompanying documentation provided by Management.

Fold

**Proxies submitted must be received by 11:00 AM, Pacific Daylight Time, on Tuesday, May 22, 2018.**

### VOTE USING THE TELEPHONE OR INTERNET 24 HOURS A DAY 7 DAYS A WEEK!



#### To Vote Using the Telephone

- Call the number listed BELOW from a touch tone telephone.

**1-866-732-VOTE (8683) Toll Free**



#### To Vote Using the Internet

- Go to the following web site:  
[www.investorvote.com](http://www.investorvote.com)
- **Smartphone?**  
Scan the QR code to vote now.



#### To Receive Documents Electronically

- You can enroll to receive future securityholder communications electronically by visiting [www.investorcentre.com](http://www.investorcentre.com) and clicking at the bottom of the page.

**If you vote by telephone or the Internet, DO NOT mail back this proxy.**

**Voting by mail** may be the only method for securities held in the name of a corporation or securities being voted on behalf of another individual.

**Voting by mail or by Internet** are the only methods by which a holder may appoint a person as proxyholder other than the Management nominees named on the reverse of this proxy. Instead of mailing this proxy, you may choose one of the two voting methods outlined above to vote this proxy.

**To vote by telephone or the Internet, you will need to provide your CONTROL NUMBER listed below.**

**CONTROL NUMBER**



## Appointment of Proxyholder

I/We being holder(s) of Avino Silver & Gold Mines Ltd. hereby appoint:  
David Wolfin, President and Director of the Company, or failing him, Dorothy  
Chin, Secretary of the Company,

OR

Print the name of the person you are  
appointing if this person is someone  
other than the Chairman of the  
Meeting.

as my/our proxyholder with full power of substitution and to attend, act and to vote for and on behalf of the shareholder in accordance with the following direction (or if no directions have been given, as the proxyholder sees fit) and all other matters that may properly come before the Annual General & Special Meeting of shareholders of Avino Silver & Gold Mines Ltd. to be held at Metropolitan Hotel Vancouver, Pacific Room, 645 Howe Street, Vancouver, British Columbia, V6C 2Y9, on May 24, 2018 at 11:00 AM, Pacific Daylight Time, and at any adjournment or postponement thereof.

VOTING RECOMMENDATIONS ARE INDICATED BY **HIGHLIGHTED TEXT** OVER THE BOXES.

### 1. Number of Directors

To set the number of Directors at 5.

**For** **Against**

### 2. Election of Directors

**For** **Withhold**

**For** **Withhold**

**For** **Withhold**

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01. Michael Baybak

02. Ross Glanville

03. Gary Robertson

04. David Wolfin

05. Jasman Yee

**For** **Withhold**

### 3. Appointment of Auditors

To re-appoint Manning Elliott LLP as Auditors of the Company and to authorize the Directors to fix their remuneration.

**For** **Against**

### 4. Rolling Stock Option Plan

To approve the 2018 10% Rolling Stock Option Plan as described in the Information Circular.

**For** **Against**

### 5. Restricted Share Unit Plan

To approve the 2018 Restricted Share Unit Plan as described in the Information Circular.

Fold

## Authorized Signature(s) - This section must be completed for your instructions to be executed.

I/We authorize you to act in accordance with my/our instructions set out above. I/We hereby revoke any proxy previously given with respect to the Meeting. **If no voting instructions are indicated above, this Proxy will be voted as recommended by Management.**

Signature(s)

Date

/

/

**Interim Financial Statements** - Mark this box if you would like to receive Interim Financial Statements and accompanying Management's Discussion and Analysis by mail.

**Annual Financial Statements** - Mark this box if you would like to receive the Annual Financial Statements and accompanying Management's Discussion and Analysis by mail.

If you are not mailing back your proxy, you may register online to receive the above financial report(s) by mail at [www.computershare.com/maillinglist](http://www.computershare.com/maillinglist).



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A R 1





Please return completed form to:  
Computershare  
8th Floor, 100 University Avenue  
Toronto, Ontario M5J 2Y1

☐

**Interim Financial Statements**

Mark this box if you would like to receive Interim Financial Statements by mail.

☐

**Annual Financial Statements**

Mark this box if you would like to receive the Annual Financial Statements by mail.

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## Financial Statements Request Form

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Under securities regulations, a reporting issuer must send annually a form to holders to request the Interim Financial Statements and MD&A and/or the Annual Financial Statements and MD&A. If you would like to receive the report(s) by mail, please make your selection and return to the address as noted or register online at [www.computershare.com/maillinglist](http://www.computershare.com/maillinglist).

Alternatively, you may choose to access the report(s) online at [www.sedar.com](http://www.sedar.com).

Computershare will use the information collected solely for the mailing of such financial statements. You may view Computershare's Privacy Code at [www.computershare.com/privacy](http://www.computershare.com/privacy) or by requesting that we mail you a copy.

**Please place my name on your financial statements mailing list.**

Name

Apt

Street Number

Street Name

--	--	--

City

Prov / State

Postal Code / Zip Code



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**AVINO SILVER & GOLD MINES LTD.**

**RESTRICTED SHARE UNIT PLAN**

**April, 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)

\_\_\_\_\_





## AVINO SILVER & GOLD MINES LTD.

### STOCK OPTION PLAN

#### 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)

\_\_\_\_\_