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0925NE Loco (New Bralorne) New

SUPERINTENDENT OF BROKERS
AND
VANCOUVER STOCK EXCHANGE

0925NE075 Minto (10K E of Goldbridge)
Olympic (adjacent to Minto)

AUG 16 1991

Geological Survey Branch
MEMPR

STATEMENT OF MATERIAL FACTS # 78/91
EFFECTIVE DATE: AUGUST 1, 1991

0925NE 092
(086, 107, 129, 130)

AVINO MINES & RESOURCES LIMITED

#400 - 455 Granville Street, Vancouver, B.C. V6C 1T1 • Telephone: (604) 682-3701

NAME OF ISSUER, ADDRESS OF HEAD OFFICE AND TELEPHONE NUMBER

#400 - 455 Granville Street, Vancouver, B.C. V6C 1T1

ADDRESS OF REGISTERED RECORDS OFFICE OF ISSUER

Montreal Trust Company of Canada, 510 Burrard Street, Vancouver, B.C. V6C 3B9

NAME AND ADDRESS OF REGISTRAR & TRANSFER AGENT FOR ISSUER'S SECURITIES IN
BRITISH COLUMBIA

The Securities offered hereunder are speculative in nature. Information concerning the risks involved may be obtained by reference to this document; further clarification, if required, may be sought from a broker.

OFFERING: 1,000,000 COMMON SHARES

	Offering Price (Estimated)*	Commission	Estimated Net Proceeds to be received by the Issuer
Per Share	\$0.65	\$0.04875	\$0.60125
Total	\$650,000	\$48,750	\$601,250

* To be calculated in accordance with the Rules of the Vancouver Stock Exchange.

ADDITIONAL OFFERING

The Agent has agreed to purchase (the "Guarantee") any of the shares offered hereby which are unsubscribed for on the Offering Day and, as consideration for the Guarantee, has been granted Agent's Warrants entitling the purchase of up to 250,000 common shares of the Issuer (see "Consideration to Agent"). Any shares acquired by the Agent under the Guarantee will be distributed under this Statement of Material Facts through the facilities of the Vancouver Stock Exchange at the market price at the time of sale.

SHAREHOLDER OFFERING

This Statement of Material Facts also qualifies for sale, at the market price of the shares of the Issuer at the time of sale, 2,400,000 common shares of the Issuer previously issued to shareholders described herein (see "Shareholder Offering"). None of the proceeds from the sale of the Shareholder Offering will be received by the Issuer.

AGENT

L.O.M. WESTERN SECURITIES LTD.
#2200 - 609 GRANVILLE STREET
VANCOUVER, B.C. V7Y 1H2

Neither the Superintendent of Brokers nor the Vancouver Stock Exchange has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.

1. PLAN OF DISTRIBUTION

A. THE OFFERING

By Agreement dated for reference May 22, 1991 (the "Agency Agreement"), Avino Mines & Resources Limited (the "Issuer") appointed L.O.M Western Securities Ltd. as its agent (the "Agent") to offer through the facilities of the Vancouver Stock Exchange (the "Exchange") 1,000,000 common shares (the "Shares") of the Issuer (collectively the "Offering").

The Offering will take place on the "Offering Day", determined by the Issuer and the Agent with the consent of the Exchange, which will be not more than one hundred eighty (180) calendar days after the date this Statement of Material Facts is accepted for filing by the Exchange and the Superintendent of Brokers (the "Effective Date").

The offering price of the Shares (the "Offering Price") will be determined in accordance with the rules of the Exchange and may be at a discount from the average trading price as determined by the rules of the Exchange, subject to the agreement of the Issuer and the Agent. The Purchasers of the Shares under the Offering will be required to pay commission at the rates charged by their brokers.

The Agent reserves the right to offer selling group participation in the normal course of the brokerage business to selling groups of other licensed dealers, brokers and investment dealers who may or may not be offered part of the commission derived from the Offering.

The obligations of the Agent under the Agency Agreement may be terminated at its discretion on the basis of its assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events before the opening of the market on the Offering Day.

The Issuer has agreed to notify the Agent of any further public equity financing that it may require or propose to obtain during the twelve month period following the Effective Date and the Agent shall have the right of first refusal to provide such financing.

Except as set out in this Statement of Material Facts, there are no payments in cash, securities or other consideration being made, or to be made, to a promoter, finder or other person or company in connection with the Offering. The directors, officers and other insiders of the Issuer may purchase Shares from the Offering.

As at May 10, 1991, the Agent beneficially owned 29,500 common shares of the Issuer.

B. CONSIDERATION TO AGENT

The Agent will receive a commission at the time the Shares are sold of 7.5% of the gross proceeds from the sale of the Shares.

The Agent has agreed to purchase (the "Guarantee") any Shares unsubscribed for on the Offering Day, at the Offering Price, in consideration of which the Issuer has agreed to issue to the Agent non-transferable share purchase warrants (the "Agent's Warrants") entitling the Agent to purchase up to 250,000 common shares of the Issuer. Any shares acquired by the Agent under the Guarantee will be distributed under this Statement of Material Facts through the facilities of the Exchange at the market price at the time of the sale.

The Agent's Warrants are exercisable, in whole or in part, at any time up to one year following the Offering Day, at the average trading price of the Issuer's Shares, as determined in accordance with the rules of the Exchange and will contain provisions for the appropriate adjustment in the class, number and price of the shares issuable upon the exercise thereof upon the occurrence of certain events, including any subdivision, consolidation or reclassification of the shares of the Issuer, the payment of stock dividends or the amalgamation of the Issuer.

The Agent may sell any shares acquired on the exercise of the Agent's Warrants without further qualification. The proceeds from the sale of such shares will accrue to the Agent.

C. OFFERING AND RESALE RESTRICTIONS

The Shares offered hereby have not been and will not be registered under the United States Securities Act of 1933 (the "Securities Act of 1933") or the securities laws of any state of the United States or any other area subject to the jurisdiction of the United States, and may not be offered or sold, directly or indirectly or delivered in the United States to or for the account or benefit of, any U.S. person unless registered under the Securities Act of 1933 and any applicable securities laws of any such state or area or unless the Issuer has received from counsel an opinion satisfactory to it that an exemption from the registration requirements of the Securities Act of 1933 is available.

In addition, until the expiry of 40 days after the commencement of the Offering, an offer or sale of the Shares within the United States by a dealer that is not participating in the Offering may violate the registration requirements of the Securities Act of 1933.

The Shares purchased pursuant to this Offering, including shares issued pursuant to the exercise of the Agent's Warrants, may only be resold in accordance with all applicable laws of the jurisdictions in which they are resold.

D. SHAREHOLDER OFFERING

This Statement of Material Facts also qualifies for sale up to 2,400,000 common shares of the Issuer (the "Shareholder Offering") owned by the shareholders named below (the "Selling Shareholders"). The origin and particulars of the Shareholder Offering are as follows:

- A. Private Placement Agreements dated July 27, 1990, with Boru Management Ltd. and Michael Baybak for a total of 500,000 units at a price of \$0.64 per unit. Each unit consists of one common share of the Issuer and one non-transferable share purchase warrant entitling the holder thereof to purchase one additional common share of the Issuer at a price of \$0.69 per share at any time on or before July 27, 1991 and at a price of \$0.79 per share at any time thereafter up to and including July 27, 1992. The Vancouver Stock Exchange approved this transaction by letter dated September 14, 1990.
- B. On February 15, 1991 the Issuer entered into an Agency Agreement with the L.O.M. Western Securities Ltd. for a brokered Flow-Through Private Placement, consisting of 700,000 units at a price of \$0.60 per unit. Each unit consists of one flow-through common share and one non-transferable share purchase warrant entitling the holder thereof to purchase one additional flow-through common share of the Issuer at a price of \$0.75 per share at any time on or before April 2, 1992. The Vancouver Stock Exchange approved this transaction by letter dated April 1, 1991.

The Shareholder Offering is to be made through the facilities of the Exchange at the market price of the Issuer's shares at the time of sale, however, no shares of the Selling Shareholders will be sold until the Offering has been completed. The Shareholder Offering may be made at any time following the Effective Date and following completion of the Offering, up to and including April 2, 1992, being the later of the expiry dates of the hold periods applying to the 2,400,000 common shares as described in Item 8 herein. After such expiry date, all such shares may be sold in British Columbia without further qualification.

Particulars of the common shares of the Issuer owned and to be owned upon completion of the Shareholder Offering by the Selling Shareholders (assuming that all the shares qualified hereby are sold) are as follows:

Name & Address of Selling Shareholder	No. Shares owned at date of this SMF*	No. Shares being Qualified For Sale	No. Shares owned upon completion of Share Offering
-----	-----	-----	-----
Michael Baybak	400,000	400,000	Nil
Baybak Family Partners	461,000	400,000	61,000
Boru Management Ltd.	250,000	200,000	50,000
Peter M. Brown **	463,000	300,000	163,000
Intercan Holdings Ltd.***	160,000	160,000	Nil
Douglas Varley **	100,000	100,000	Nil
Brian D. Harwood**	90,000	80,000	10,000
Gary Coutts **	50,000	50,000	Nil
Cameron Currie **	50,000	50,000	Nil
Graeme Currie **	50,000	50,000	Nil
Matthew Cicci **	10,000	10,000	Nil
Ronald Brimacombe	400,000	400,000	Nil
Ronald Netolitzky	200,000	200,000	Nil
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	2,684,000	2,400,000	284,000

* This number includes all shares that have been acquired by the Selling Shareholders pursuant to certain private placement agreements between the Selling Shareholders and the Issuer together with all the shares which may be acquired by the Selling Shareholders upon the exercise of the non-transferable share purchase warrants issued to them by the Issuer pursuant to such private placement agreements.

** These persons are officers and/or employees of the Agent.

*** This company is owned by officers and directors of the Agent.

The Selling Shareholders may purchase shares of the Issuer during the period of the Shareholder Offering which may effect the balance owned by individual shareholders as indicated above.

The Selling Shareholders will be required to sell all common shares sold pursuant to the Shareholder Offering through members of the Exchange. None of the proceeds of the sale of the shares under the Shareholder Offering will be received by the Issuer.

Purchasers of shares sold under the Shareholder Offering will be required to pay a commission at the rates charged by their brokers. There are no payments in cash, securities or any other consideration being made or to be made, to a promoter, finder or any other person in connection with the Shareholder Offering, other than commission rates charged by the Selling Shareholders' brokers. The directors, officers and other insiders of the Issuer may purchase shares from the Shareholder Offering.

2. HOW THE NET PROCEEDS OF THE OFFERING ARE TO BE SPENT

Although it is not possible to determine the actual net proceeds from the Offering, in the event that all of the 1,000,000 Shares are sold at an estimated price of \$0.65 per Share, the proceeds would be \$650,000 less commissions of \$48,750, to net the Issuer \$601,250 which, when added to the Issuer's cash on hand as at March 31, 1991 of approximately \$1,049,132 would amount to \$1,650,382 available to the Issuer on completion of the Offering.

The principal purposes for which the funds are to be allocated, in order of priority, are as follows:

a)	To pay the costs of this Issue	\$ 30,000
b)	To pay the balance due to Love Oil Company, Inc. (U.S.\$75,000)	\$ 87,000
c)	To pay the initial installment to Levon Resources Ltd.	\$ 69,500
d)	To Working Capital	\$1,463,882

	TOTAL:	\$1,650,382
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All proceeds derived from the exercise of the Agent's Warrants will be added to working capital.

The Issuer proposes to use the proceeds of the Offering together with its working capital to fund the exploration and development of natural resource properties presently held as well as the acquisition of new assets or properties. Should the Issuer wish to spend all or part of the funds on the exploration and development of its presently resource properties, it will, if such expenditure is material, do so only upon the recommendations of a qualified engineer or geologist. Should the Issuer wish to spend all or part of the funds on the acquisition of new assets or resource properties, it will do so only with the prior approval of the Exchange, where such approval is required.

3. MATERIAL NATURAL RESOURCE PROPERTIES

Summary of Material Mining Properties

Group I Properties for which regulatory approval has been obtained under this Statement of Material Facts.

Group II Presently held properties which are currently producing or being explored, or upon which exploration is planned within the next year.

Group III Other presently held properties upon which the Issuer's acquisition and exploration costs to date exceed \$100,000.

Group	Property Name	Issuer's Acquisition & Exploration costs to Date (in \$)	Shares Issued to Date	Planned Expenditures from funds available upon completion of the Offering
I	- - - - -	- - - - -	N/A	- - - - -
II	Loco Property	A: \$365,000 E: \$ 86,392	200,000	\$156,500*
III	Minto Property	A: \$ 20,000 E: \$368,500	50,000	Nil
	Minto Extension Property	A: Nil E: \$146,846	Nil	Nil
	Olympic Property	A: \$ 50,000 E: \$330,941	50,000	Nil

All properties are situated in the Lillooet Mining Division, in the Province of British Columbia.

* This amount consists of \$87,000 and \$69,500 due to Love Oil Company, Inc. and Levon Resources Ltd. respectively, as set out in Item 2 herein.

Group II Presently held properties which are currently producing or being explored, or upon which exploration is planned within the next year:

A. LOCO PROPERTY, BRITISH COLUMBIA

The Loco Property consists of 21 crown grants and one partial unit claim, situated near the village of Bralorne in the Lillooet Mining Division in south-central British Columbia.

Pursuant to an Assignment Agreement dated October 18, 1990, Coral Gold Corp. transferred its 30% undivided interest in the Loco Property to the Issuer in consideration of a cash payment of \$278,000 and a promissory note for a further \$122,000 payable only in the event that, on or before February 1, 1998, the Loco Property is either: (i) sold to or joint ventured with a third party or (ii) brought into production.

Pursuant to an Assignment Agreement dated February 20, 1991, Levon Resources Ltd. transferred its 30% undivided interest in the Loco Property to the Issuer in consideration of cash payments totalling \$278,000 payable in four (4) equal semi-annual installments of \$69,500.00 each and a promissory note for a further \$122,000 payable only in the event that, on or before February 20, 1999, the Loco Property is either: (i) sold to or joint ventured with a third party or (ii) brought into production. The initial installment will be paid from the proceeds of the Offering.

Pursuant to a Memorandum of Agreement dated February 20, 1991 between the Issuer and Love Oil Company, Inc. ("Love Oil Company"), a Wyoming Corporation, the Issuer acquired a 40% interest in the Loco Property for the following consideration to Love Oil Company:

- 1) a cash payment of US \$75,000 payable on or before May 31, 1991, which amount has been paid;
- 2) a further cash payment of US \$75,000 payable on or by May 31, 1992, which amount is secured by a mortgage of the Loco Property;
- 3) the issuance of a total of 200,000 common shares of the Issuer, which shares have been issued; and
- 4) the issuance of a non-transferable share purchase warrant entitling Love Oil Company to purchase 100,000 common shares of the Issuer at a price of \$1.05 until April 29, 1992.

The Issuer beneficially owns a 100% interest in the Loco Property as at the date hereof.

Following is a summary of a report on the Loco Property by Sampson Engineering Inc. dated February 22, 1991.

"The Loco Property lies on the west side of the plateau between Fergusson Mountain and the Hurley Canyon.... The Plateau on which the Loco Property is situated has been the subject of extensive logging activity in recent years. The main access to the Loco Property is via a main haulage logging road....

The majority of Gold production in the Bridge River area has come from two adjacent mineral properties, Bralorne and Pioneer. Bralorne and Pioneer mines comprise the largest and richest lode gold mining camp in British Columbia. Between 1899 and 1971, they produced 4.15 million ounces of gold and 0.95 million ounces of silver from 7.9 million tons of ore grading 0.53 oz/ton gold and 0.12 oz/ton silver....

Early exploration of the Loco Property consisted of prospecting, trenching, the sinking of test pits and short adits. Bralorne Mines extended their underground workings on the 8th and 20th levels to penetrate the Loco Property and in particular the Cosmopolitan and Noelton Fraction Mineral claims....

From 1973 to 1980 Love Oil Company carried out a surface geochemical and a geophysical survey and discovered several anomalies. In 1987 Levon, Coral, and Love Oil Company carried out a short geochemical survey and discovered several anomalies. A trenching program combined with "float" prospecting discovered the Peter Vein and Millchuck veins. A series of 14 diamond drill holes intersected the veins, but core assays were low....

In 1988 a geochemical survey was conducted which outlined several new anomalies. Trenching discovered the Millchuck Extension and the J.D. vein....

A 310 foot crosscut was driven to intersect the Peter vein and the vein was drifted upon for 215 feet. The assay results for the entire vein was .38 oz./ton gold over a width of 3.4 feet. The last 105 feet carries 0.611 oz. gold over a width of 3.41 feet. These assays were channel samples every five feet. The vein in the underground workings was sampled and a bottle-roll test was performed. The results revealed 92.4% recovery with a simple crush and cyanidation."

The work program, as recommended by Sampson Engineering Inc., consists of rehabilitation of the 8th level tunnel, resampling, mapping and surveying of the 8th level, surface diamond drilling and 12,000 feet of underground diamond drilling. The total program is estimated to cost \$470,000. This program is currently underway, the cost of which is being paid from the proceeds of that certain private placement of flow-through common shares of the Issuer described in Item 9 herein.

Subsequent to Sampson Engineering's report, the Issuer commenced a surface diamond drilling program consisting of five (5) drill holes numbered 91-1 to 91-5, 3 of which explored the Peter vein in the southern part of the Loco Property and 2 of which explored the JD vein in the northern part of the Loco Property.

Each of the 3 holes drilled on the Peter vein intersected the Peter vein structure. Assay values were below 0.1 oz/ton Au in hole 91-1. Hole 91-2 (inclination at 70 degrees) intersected a 7 ft. interval (697-704 ft.) which assayed 0.33 oz/ton Au. Hole 91-3 intersected a 3 ft. interval (549-552 ft.) which assayed 0.109 oz/ton Au.

The 2 holes drilled on the JD vein also intersected the JD vein structure. Hole 91-4 intersected a 1.5 ft. interval (88.0-89.5 ft.) assaying 1.202 oz/ton Au. Values in 91-5 were lower.

Pursuant to a Letter Agreement dated March 20, 1991, made between the Issuer, Corona Corporation and Cathedral Gold Corporation, the Issuer was granted permission to the use of and access to the 8th level adit located under the Bralorne-Pioneer mine property which extended into the Issuer's adjacent Loco Property, for the purpose of using the existing tunnel to conduct underground drilling, sampling, surveying and mapping in order to establish drill targets to further explore the lower vein extensions. Such Letter Agreement grants to Corona and Cathedral a right-of-first refusal in the event the Issuer offers to sell the Loco Property or offers participation in the development thereof or seeks financing for the development of the property.

Dependent upon the results of the current work program, the Issuer may undertake further exploration work.

To May 31, 1991, the Issuer spent \$365,000 on acquisition and \$86,392 on exploration of the Loco Property for a total of \$451,392.

Group III Other presently held properties upon which the Issuer's acquisition and exploration costs to date exceed \$100,000:

A. MINTO PROPERTY, BRITISH COLUMBIA

Pursuant to an agreement dated December 15, 1984 with Minto Trading and Development Company Limited, the Issuer acquired a 100% interest in 19 units consisting of 8 crown grants, 10 reverted crown grants and 1 located mineral claim (the "Minto Property"), situated in the Lillooet Mining Division of British Columbia. The claims comprising the Minto Property occupy the lake bed and north flank of Carpenter Lake. The closest town is Goldbridge, about 10 kilometers west of both claim groups. Access to the Minto Property is via all-weather gravel road, skirting the north shore of Carpenter Lake. A network of bush-roads gives access to all parts of the property.

In 1985 geological, geochemical, and geophysical (VLF-EM) surveys were conducted and trenches were excavated in anomalous areas. In-fill soil geochemistry and further trenching were undertaken in 1987 to fill in a geochemical grid established in 1985 at which time five new mineral zones were identified. A follow-up trenching program in early 1988 successfully discovered a series of stibnite and arsenopyrite bearing shears which carry gold values. Gold assays ranged as high as 0.349 oz/ton. Some silver was also present at values ranging as high as 28.3 ppm Ag. In

the latter part of 1988, nine holes totalling approximately 2600 ft were drilled. Five of the nine holes were drilled to explore the Minto North Zone. The principal gold values intersected by the drill holes on the Minto North zone were as follows:

<u>Hole No.</u>	<u>Down Hole Depth (meters)</u>	<u>Gold (oz/ton)</u>
88-2	72.55-72.90 (0.35m)	0.548
88-4	27.73-30.93 (3.2m) 36.93-37.93 (1.0m)	0.266 0.111
88-5	69.49-70.19 (0.70m)	0.361
88-6	69.7-70.7 (1.0m) 82.90-83.40 (0.50m)	0.100 0.193

Holes 88-8 and 88-9 were drilled to investigate gold values which had been located in trenches TR3 and TR4 on the Winter zone. This zone is approximately 400 meters east and sub-parallel with the main Minto ore body. Both holes intersected mineralization, in particular hole 88-8 intersected 35.56-35.91 (0.35m), 0.258 oz/ton Au, 38.1 ppm Ag, 5211 ppm Pb, 13990 ppm Zn. Hole 88-9 also intersected a mineralized zone, but gold values were lower at 0.034 and 0.046 oz/ton.

As at March 31, 1991, the Issuer had incurred exploration expenditures aggregating \$368,500. The Issuer does not intend to conduct any exploration on the Minto Property at this time, but intends to maintain the property in good standing.

B. MINTO EXTENSION PROPERTY, BRITISH COLUMBIA

By Agreement dated June 15, 1988 as amended by Agreement dated February 18, 1991 (the "Option Agreement"), the Issuer acquired an option to purchase an 80% undivided interest in the Minto Extension Property from Bridge River Development Corp. To earn the 80% interest, the Issuer is required to incur exploration expenditures aggregating \$180,000 on or before June 15, 1992. The Property is subject to a 4% Net Smelter Returns royalty in favour of the Issuer.

The Minto Extension Property consists of 36 metric claim units contained within three adjoining claims, situated in the Lillooet Mining Division. The Minto Extension Property is located 11 kms north-east of Goldbridge, British Columbia, and adjacent to the Minto Property.

In 1988 the Issuer conducted a soil geochemical survey, a geological mapping program, and a trenching program. The geochemical program outlined five anomalous areas A to E, along with several "isolated" highs. The trenching program on anomaly

A and a wide mineralized zone was discovered in the Taylor Creek Conglomerate. The sulfides in the zone consist of pyrite, stibnite, sphalerite, arsenopyrite, and galena. The sulfides were observed as disseminated blebs, and the occasional massive section.

In 1989 the Issuer carried out a short diamond drill program consisting of 2000 feet of NQ size core and was successful at intersecting the zone uncovered in the 1988 trenching program at depth. The drilling verified that the zone was striking north-south and dipping 60 degrees to the west. The deepest intersection of the zone was at 50 meters vertically from the surface.

All five drill holes intersected anomalous gold values of over 1000 ppb. The highest silver assays were almost 1.0 oz/ton over a width of 1.5 meters. The principal gold values from the five drill holes were as follows:

<u>Hole No.</u>	<u>Down Hole Depth (meters)</u>	<u>Gold (oz./ton)</u>
89-ME-1	2.29	.120
	1.9	.100
89-ME-2	0.5	.233
	6.8	.137
89-ME-3	1.7	.200
89-ME-4	1.4	.083

As at March 31, 1991, the Issuer had incurred exploration expenditures aggregating \$146,846. The Issuer does not intend to carry out any exploration on the Minto Extension Property at this time, but intends to maintain the property in good standing.

C. OLYMPIC PROPERTY, BRITISH COLUMBIA

Pursuant to agreements dated May 27, 1987 with Donald and Elizabeth Ingram, the Issuer acquired a 100% interest in 20 reverted crown grants, one located mineral claim and three fractions, situated in the Lillooet Mining Division, British Columbia, adjacent to the Minto Property.

In 1987 the Issuer carried out a program of geochemical soil sampling which located 14 separate anomalies that required backhoe trenching. In 1988 the Issuer conducted a program of geological mapping and backhoe trenching which identified several mineralized shear zones with gold and silver values. A series of one meter chip samples taken across the mineralized shears returned assay values as high as 0.239 oz/t gold and 14.29 oz/t silver. Significantly, a major zone (the Margarita Zone) was discovered immediately west of the existing Magee zone. One meter chip sampling of this zone yielded relatively low gold values, up to 0.047 oz/ton gold. However, assay values as high as 0.258 oz/ton gold and 246.3 ppm silver were obtained from

numerous grab samples. In addition, the Enigma zone, a zone of stockwork mineralization on the southern shore of Carpenter Lake, returned gold values from one meter chip samples from 0.029 to 0.128 oz/ton gold over substantial widths.

In mid 1988, the Issuer conducted a diamond drill program of 6 NQ holes totalling 830.54 meters (2725 ft.) to explore the Margarita zone at depth, and additionally to test the potential for other parallel mineralized structures between the Magee and Margarita zones. Significant intersections were as follows:

<u>Hole No.</u>	<u>Down Hole Depth (meters)</u>	<u>Gold (oz./ton)</u>
88-4	132.58-135.56 (2.98m)	0.299
88-6	125.57-126.87 (1.3m)	0.093
	131.70-133.04 (1.34m)	0.137

As at March 31, 1991, the Issuer had incurred exploration expenditures aggregating \$330,941. The Issuer does not intend to carry out any exploration on the Olympic Property at this time, but intends to maintain the property in good standing.

TO THE KNOWLEDGE OF THE ISSUER THE PROPERTIES ARE WITHOUT A KNOWN BODY OF COMMERCIAL ORE AND ANY PROGRAM CONDUCTED THEREON WOULD BE AN EXPLORATORY SEARCH FOR ORE.

RISK FACTORS

The Shares offered hereby must be considered speculative due to the nature of the Issuer's business. In particular:

1. To the knowledge of the Issuer, the properties described above (the "Properties") are without a known body of commercial ore and any program conducted on the Properties with the proceeds of the Offering would be an exploratory search for ore.
2. If the Issuer's exploration programs are successful in establishing ore of commercial tonnage and grade, additional funds will be required for the development of the ore body and to place it in commercial production. One source of future funds presently available to the Issuer is through the sale of equity capital. Another alternative for the financing of further exploration would be the offering by the Issuer of an interest in the Property to be earned by another party or parties carrying out further exploration or development thereof.

3. Resource exploration and development is a speculative business and involves a high degree of risk. The marketability of natural resources which may be acquired or discovered by the Issuer will be affected by numerous factors beyond the control of the Issuer. These factors include market fluctuations, the proximity and capacity of natural resource markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Issuer not receiving an adequate return on invested capital.
4. Mining operations generally involve a high degree of risk. Hazards such as unusual or unexpected formations and other conditions are involved. The Issuer may become subject to liability for pollution, cave-ins or hazards against which it cannot insure against or which it may elect not to insure. The payment of such liability may have a material, adverse effect on the Issuer's financial position.
5. While the Issuer has obtained the usual industry standard title report with respect to the Loco Property, this should not be construed as a guarantee of title. The Issuer has not obtained any title report in respect of the other properties in which it has interests and, in any event, the Properties may be subject to prior unregistered agreements or transfers or native land claims, and title may be affected by undetected defects.
6. The mining Properties have not been surveyed and accordingly the precise location of the boundaries of the Properties and ownership of the mineral rights on specific tracts of land and comprising the Properties may be in doubt.
7. The Directors and Officers of the Issuer serve as Directors or Officers of other reporting companies or have significant shareholdings in other reporting companies and, to the extent that such other companies may participate in ventures in which the Issuer may participate, the Directors of the Issuer may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a Board of Directors meeting, a Director who has such a conflict will abstain from voting for or against the approval of such a participation or such terms. From time to time several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number

of programs and reducing financial exposure in respect of any one program. The Directors and Officers of the Issuer are required to act honestly, in good faith and in the best interests of the Issuer. In determining whether or not the Issuer will participate in a particular program and the interest therein to be acquired by it, the Directors will primarily consider the degree of risk to which the Issuer may be exposed and its financial position at that time.

4. PARTICULARS OF NON-RESOURCE ASSETS

The Issuer owns 49% of the issued and outstanding voting securities of Compania Minera de Avino S.A. de C.V. ("Cia Minera"), a company incorporated in Mexico which operates a producing silver mine. The Issuer's primary source of income consists of dividends received from Cia Minera, which dividends are subject to a withholding tax levied by the Mexican Government.

The Issuer also owns shares of its own issue as well as common shares of other reporting issuers, as more particularly described in Item 9 herein.

The Issuer is not presently engaged in, nor does it have any present intention to engage, in whole or in part, in a business other than the exploration and development of natural resource properties.

5. CORPORATE INFORMATION

The Issuer was incorporated as Avino Mines Ltd. (N.P.L.) under the laws of the Province of British Columbia on May 15, 1969. Avino Mines Ltd. (N.P.L.) was amalgamated with Ace Mining Company Ltd. on August 22, 1969 to form the Issuer.

The Issuer is authorized to issue 25,000,000 common shares without par value of which 9,815,849 common shares are issued and outstanding.

All common shares of the Issuer rank equally as to dividends, voting rights and participation and assets and all other respects. The issued common shares of the Issuer are not subject to any future call or assessment and there are no preemptive or conversion rights of any nature attached to any of the issued common shares of the Issuer and they all rank pari passu, each with the other, as to all benefits that might accrue to the holders thereof.

Since March 31, 1991, the date of the latest financial statements of the Issuer included in this Statement of Material Facts, 1,030,000 common shares of the Issuer have been issued.

6. **DIRECTORS, OFFICERS, PROMOTERS AND PERSONS
HOLDING MORE THAN 10% OF THE ISSUED VOTING SHARES**

A. **Directors, Officers & Promoters**

The names, resident addresses, positions with the Issuer and principal occupations of the Directors, Officers and Promoters of the Issuer are as follows:

<u>Name and Address</u>	<u>Number of Shares of the Issuer beneficially Owned</u>
MICHAEL BAYBAK 5037 Merita Place La Canada, CA 91011 U.S.A. DIRECTOR	Nil (direct) 479,000 (indirect)* * 461,000 shares are held by Baybak Family Partners Ltd., and 18,000 shares are held by Baybak & Co.Inc. Pension Trust.

Principal Occupation: President of Michael Baybak & Co. Inc., since 1979, a company providing services in the financial, public relations and corporate public affairs industry of businesses. Also a Director of five other reporting issuers (see Note #1).

ERNEST CALVERT 3791 West 41st Vancouver, B.C. V6N 3E8 DIRECTOR, VICE PRESIDENT AND MEMBER OF AUDIT COMMITTEE	31,900 (direct) 150,000 (indirect - held by Boru Management Ltd.)
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Principal Occupation: Self-Employed Businessman since June, 1990, currently providing Management and Administrative Services to several resource companies including the Issuer. From 1978 to June, 1990, Registered Representative with L.O.M. Western Securities Ltd. (formerly Canarim Investment Corp.) Also a Director and Officer of six other reporting issuers (see Note #2).

JOSEPH A. FIELD 31 Thurloe Square London SW7 2SD ENGLAND DIRECTOR	104,000 (direct) Nil (indirect)
--	------------------------------------

Principal Occupation: Lawyer and Partner of the law firm of Jones, Day, Reavis & Pogue, London, England since 1986. Also serves on the Board of Directors of two other reporting issuers (see Note #3).

WILLIAM C. GLASIER Nil (direct)
 R.R. #2, Nil (indirect)
 3065 Trans-Canada Hwy.
 Mill Bay, B.C.
 VOR 2P0
 DIRECTOR AND
 MEMBER OF AUDIT COMMITTEE

Principal Occupation: Semi-Retired Self-Employed
 Businessman since November 23, 1987 currently providing
 Consulting services to several resource companies; From
 April, 1983 to November, 1987 - Account Executive at
 Prudential-Bache Securities Canada Limited. Also a
 Director of five other reporting issuers (see Note #4).

GEORGE E. SCOTT 2,000 (direct)
 860 Fairmile Road
 West Vancouver, B.C.
 V7S 1R3
 DIRECTOR AND
 MEMBER OF AUDIT COMMITTEE

Principal Occupation: Semi-Retired; Solicitor; In 1981
 became Partner of the law firm of Worrall Scott & Page,
 Barristers and Solicitors. Also a Director of five
 other reporting issuers (see Note #6).

LOUIS WOLFIN 937,377 (direct)
 5484 Osler Street 387,590 (indirect - held by
 Vancouver, B.C. Frobisher Securities
 V6M 2W9 Limited)
 DIRECTOR,
 PRESIDENT AND
 PROMOTER

Principal Occupation: Self-Employed Businessman,
 President and Director (for the past 15 years) of
 Frobisher Securities Limited, a company which provides
 management services to several resource companies,
 including the Issuer on a consulting basis; also
 Director and/or Senior Officer of seven other reporting
 issuers (see Note #5).

LAURA MELOCHE Nil (direct)
 1203 - 1905 Robson Street Nil (indirect)
 Vancouver, B.C.
 V6G 1E6
 DIRECTOR AND
 SECRETARY

Principal Occupation: Since October, 1987, employee of Oniva International Services Corporation, a private company which provides Management and Administrative Services to several resource companies including the Issuer. Main responsibilities include all corporate filings, compliance issues and liaising with securities regulators. From 1984 to 1986 - Executive Assistant to the Vice President, Minerals Division, at Asamera Inc. in Calgary, Alta. Also a Director and/or Senior Officer of five other reporting issuers (see Note #4).

- (#1) Gold Summit Mines Ltd., Reese River Resource Corporation, Athena Gold Corp., Skylark Resources Corp. and Westhill Resources Corp.
- (#2) Berkley Resources Inc., Coral Gold Corp., First International Metals Corp., Gold Summit Mines Ltd., Levon Resources Ltd. and Reese River Resource Corporation
- (#3) Coral Gold Corp. and Levon Resources Ltd.
- (#4) Coral Gold Corp., First International Metals Corp., Gold Summit Mines Ltd., Levon Resources Ltd. and Reese River Resource Corporation.
- (#5) Berkley Resources Inc., Coral Gold Corp., First International Metals Corp., Gold Summit Mines Ltd., Gray Rock Resources Ltd., Levon Resources Ltd. and Reese River Resource Corporation.
- (#6) Consolidated Bel-Air Resources Ltd., Golden Trump Resources Ltd., Slocan Development Corporation Limited, Ticker Tape Resources Ltd. and Wirlwind Resources Ltd.

A list of each of the Directors and Officers current director and Officerships is available for inspection at the Issuer's registered and records office during normal business hours during the period of distribution of the Shares offered hereunder and for a period of thirty (30) days thereafter.

During the past three (3) years, Laura Meloche, a Director and Officer of the Issuer, was Assistant Secretary of two (2) other reporting issuers which, during the period she held such position, were the subject of a cease trade order or suspension order for a period of more than thirty consecutive days.

During the fiscal period ended December 31, 1990, the Issuer paid the following fees:

- 1) \$12,165 was paid directly to Grant E. Barnwell a former Director and Secretary of the Issuer, for professional consulting services;

- 2) \$3,103 was paid directly to Greer Investment Corporation, a private B.C. company controlled by G. Martin Greer, former Executive Director of the Issuer, for professional consulting services;
- 3) \$48,970 was paid directly to Frobisher Securities Ltd., a private B.C. company controlled by Louis Wolfin President and Director of the Issuer, for professional and consulting services; and
- 4) approximately \$4,032 was paid by way of salary, indirectly through Oniva International Services Corporation ("Oniva") to Laura Meloche, a Director and Secretary of the Issuer.

Oniva is a private B.C. company which has, since January 1, 1988 provided general administrative, accounting and shareholder relations services to several reporting issuers including the Issuer. Laura Meloche, a Director and Officer of the Issuer, is also a Director and Officer of Oniva. For more particulars of Oniva, see Item 9 herein.

B. Holders of 10% or More

The following sets forth information with respect to holders of 10% or more of the issued and outstanding shares of the Issuer, excluding Directors and Officers, the beneficial ownership of which is unknown:

<u>Name of Shareholder</u>	<u>Number of Shares</u>
West Canada Depository Trust Company P.O. Box 10338 609 Granville Street Vancouver, B.C. V7Y 1J9	2,550,363
Cede & Co. Box 20 Bowling Green Stn. New York, NY 10274 U.S.A.	1,932, 213
CDS & Co. 85 Richmond Street Toronto, Ontario M5H 2C9	1,487,714

7. OPTIONS TO PURCHASE SECURITIES OF THE ISSUER

There are a total of 770,000 common shares reserved for issuance pursuant to incentive stock option agreements dated July 27, 1990 currently outstanding as follows:

1) Directors & Officers:

100,000	Michael Baybak
100,000	Ernest Calvert
40,000	Joseph A. Field
50,000	William C. Glasier
40,000	Jonathan Goodbody
10,000	Laura Meloche
120,000	Louis Wolfin

460,000 shares at \$0.60 expiring July 27, 1995

- 2) Employees & Full-time Consultants
- 140,000 shares at \$0.60 expiring July 27, 1995
- 3) Outside Consultants
- 170,000 shares at \$0.60 expiring July 27, 1991

Certain stock options may terminate prior to the stated expiry date if not exercised by the optionees within a period of thirty (30) days from the date of termination of employment and/or directorship.

Share Purchase Warrant

Certain shareholders hold non-transferable share purchase warrants to purchase additional common shares of the Issuer, the particulars of which are disclosed in Item 9 herein.

8. **SECURITIES OF THE ISSUER HELD IN ESCROW,
IN POOL OR SUBJECT TO HOLD RESTRICTIONS**

A. **Shares held in Escrow**

There are no shares of the issuer held in escrow or in pool.

B. **Shares Subject to Hold Restrictions**

- 1) Pursuant to flow-through private placement agreements, more particularly described in Item 9 herein, the Issuer has issued a total of 700,000 units consisting of flow-through common shares and non-transferable share purchase warrants entitling the holders thereof to purchase an additional 700,000 flow-through common shares of the Issuer, which shares are subject to resale restrictions expiring April 2, 1992;
- 2) Pursuant to private placement agreements, more particularly described in Item 9 herein, the Issuer has issued a total of 500,000 units consisting of common shares and non-

transferable share purchase warrants entitling the holders thereof to purchase an additional 500,000 common shares of the Issuer, which shares are subject to resale restrictions expiring July 27, 1992.

These shares and the shares which may be acquired upon the exercise of the non-transferable warrants disclosed above are being qualified for sale to the public pursuant to this Statement of Material Facts. For further particulars, reference is made to Items 1D and 9 herein.

9. PARTICULARS OF OTHER MATERIAL FACTS.

- A. The Issuer entered into Private Placement Agreements dated July 27, 1990, with Boru Management Ltd., a private B.C. company controlled by Mr. Ernest Calvert, a Director of the Issuer, and Michael Baybak, a Director of the Issuer, for a total of 500,000 units at a price of \$0.64 per unit. Each unit consists of one common share of the Issuer and one non-transferable share purchase warrant entitling the holder thereof to purchase one additional common share of the Issuer at a price of \$0.69 per share at any time on or before July 27, 1991 and at a price of \$0.79 per share at any time thereafter up to and including July 27, 1992.
- B. On February 15, 1991 the Issuer entered into an Agency Agreement with the Agent for a brokered Flow-Through Private Placement, consisting of 700,000 units at a price of \$0.60 per unit. Each unit consists of one flow-through common share and one non-transferable share purchase warrant entitling the holder thereof to purchase one additional flow-through common share of the Issuer at a price of \$0.75 per share at any time on or before April 2, 1992.
- The holders of the units issued under the private placements disclosed above have, pursuant to this Statement of Material Facts, qualified for sale their shares, including all shares which may be acquired by them upon the exercise of the non-transferable share purchase warrants. For further particulars, reference is made to Items 1D and 8 herein.
- C. The Issuer holds 170,900 of its common shares acquired at an aggregate cost of \$245,869.
- D. The Issuer entered into a Management & Services Agreement with Oniva International Services Corporation ("Oniva"), dated for reference January 1, 1988 as amended by an Amending Agreement made effective June 1, 1990, pursuant to which the Issuer agreed to pay Oniva, for the provision of administrative, accounting and shareholder relation services, twenty percent (20%) of Oniva's overhead expenses

and 100% of the actual expenditures paid by Oniva on behalf of the Company. The shares of Oniva are held by trustees for the benefit of the Issuer and certain affiliated companies which also have entered into similar management and services agreements with Oniva.

- E. The Issuer purchased a total of 141,200 common shares in the capital stock of Levon Resources Ltd., a reporting issuer with common Directors and Officers, at an aggregate cost of \$367,120. As at March 31, 1991, the shares of Levon had a market value of approximately \$19,909.
- F. Pursuant to an Agreement dated April 11, 1991 between the Issuer and Coral Gold Corp. ("Coral"), the Issuer has agreed to accept 268,620 common shares in the capital stock of Coral in settlement of an outstanding debt of \$53,724. This Agreement has been accepted for filing by the Exchange, but is subject to obtaining the approval of Coral's shareholders thereto.
- G. The Issuer entered into an Agreement dated July 30, 1990 with Strategic Relations Group to provide financial and public relations services. To date, the Issuer has paid \$50,000 pursuant to such Agreement, which agreement has been suspended by mutual consent of the parties.
- H. Pursuant to a Fiscal Agency Agreement dated February 18, 1991 with L.O.M. Western Securities Ltd. ("L.O.M."), the Issuer issued a total of 100,000 common shares to L.O.M. as consideration for corporate finance services provided to the Issuer.

All material contracts and technical reports of the Issuer referred to herein may be inspected at the Registered office of the Issuer, Suite 400 - 455 Granville Street, Vancouver, British Columbia, during normal business hours during the distribution of the securities offered hereunder and for a period of thirty (30) days thereafter

STATUTORY RIGHTS OF RESCISSION

The British Columbia Securities Act provides purchasers with the right to rescind a contract for the purchase of securities where the Statement of Material Facts and any existing amendments thereto either contain a misrepresentation or are not delivered to the purchaser before delivery of the written confirmation of sale. For further information concerning these rights, and the time limits within which they must be exercised, refer to section 66, 114, 118, and 124 of the Securities Act or consult a lawyer.

Avino Mines & Resources Limited

Financial Statements

December 31, 1990

Price Waterhouse

May 1, 1991

Auditors' Report

To the Shareholders of
Avino Mines & Resources Limited

We have audited the balance sheet of Avino Mines & Resources Limited as at December 31, 1990 and the statements of operations and deficit and changes in financial position for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles in Canada. As required by the British Columbia Company Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Price Waterhouse

Chartered Accountants

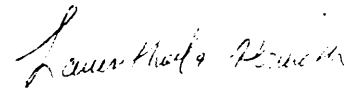
Auditors' Report

To the Shareholders of
Avino Mines & Resources Limited

We have examined the balance sheet of Avino Mines & Resources Limited as at December 31, 1989 and the statements of operations and deficit and changes in financial position for each of the years in the two-year period ended December 31, 1989. Our examination was made in accordance with generally accepted auditing standards in Canada, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Company as at December 31, 1989 and the results of its operations and the changes in its financial position in each of the years in the two-year period ended December 31, 1989 in accordance with generally accepted accounting principles in Canada applied on a consistent basis.

May 11, 1990
Vancouver, Canada



Chartered Accountants

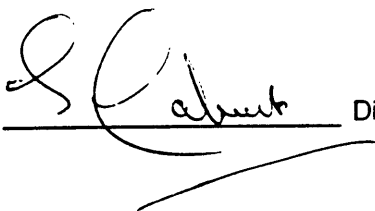
Avino Mines & Resources Limited

Balance Sheet

	December 31	
	1990	1989
Assets		
Current assets		
Cash and term deposits	\$ 639,561	\$ 54,050
Accounts receivable (Note 2)	54,649	58,144
Debenture receivable (Note 3)	548,842	1,444,571
	<u>1,243,052</u>	<u>1,556,765</u>
Investment in affiliated company (Note 4)	1,119,783	1,229,372
Portfolio investment (Note 5)	14,120	84,720
Resource properties (Note 6)	1,194,287	933,805
	<u>\$ 3,571,242</u>	<u>\$ 3,804,662</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 27,806	\$ 22,000
Shareholders' Equity		
Share capital (Note 7)		
Authorized		
25,000,000 common shares without par value		
Issued		
8,770,849 (1989 - 8,270,849) shares	7,295,749	6,975,749
Deficit	<u>3,506,444</u>	<u>2,947,218</u>
	3,789,305	4,028,531
Deduct: 170,900 shares held for future disposition, at cost	<u>245,869</u>	<u>245,869</u>
	<u>3,543,436</u>	<u>3,782,662</u>
	<u>\$ 3,571,242</u>	<u>\$ 3,804,662</u>

Commitments (Note 9)

Approved by the Board



Director



Director

Avino Mines & Resources Limited

Statement of Operations and Deficit

	Year ended December 31		
	1990	1989	1988
Revenue			
Share of (loss) income of affiliated company net of withholding taxes (Note 4)	\$ (109,589)	\$ 253,890	\$ 15,797
Interest income	<u>143,476</u>	<u>220,077</u>	<u>203,458</u>
	33,887	473,967	219,255
Expenses			
General and administrative	<u>435,976</u>	<u>280,445</u>	<u>242,949</u>
(Loss) income before undernoted items	(402,089)	193,522	(23,694)
Other items			
Write-down of portfolio investment	(70,600)	(282,400)	-
Write-down of debenture receivable	(50,000)	-	-
Write-down of resource properties	(36,537)	(409,945)	-
Foreign exchange loss	<u>-</u>	<u>(2,094)</u>	<u>(8,603)</u>
	(157,137)	(694,439)	(8,603)
Loss before extraordinary item	(559,226)	(500,917)	(32,297)
Extraordinary item (Note 4)	<u>-</u>	<u>-</u>	<u>216,714</u>
Net (loss) income for year	(559,226)	(500,917)	184,417
Deficit, beginning of year	<u>2,947,218</u>	<u>2,446,301</u>	<u>2,630,718</u>
Deficit, end of year	<u>\$ 3,506,444</u>	<u>\$ 2,947,218</u>	<u>\$ 2,446,301</u>
(Loss) income per share			
Loss before extraordinary items	<u>\$ (0.07)</u>	<u>\$ (0.06)</u>	<u>\$ -</u>
Net (loss) income for year	<u>\$ (0.07)</u>	<u>\$ (0.06)</u>	<u>\$ 0.02</u>

Avino Mines & Resources Limited

Statement of Changes in Financial Position

	Year ended December 31		
	1990	1989	1988
Cash provided by (used in) operating activities			
Operations			
Loss before extraordinary item	\$ (559,226)	\$ (500,917)	\$ (32,297)
Items not affecting cash			
Share of (income) loss of affiliated company	109,589	(253,890)	(15,797)
Write-down of portfolio investment	70,600	282,400	-
Write-down of debenture receivable	50,000	-	-
Write-down of resource properties	36,537	409,945	-
	<u>(292,500)</u>	<u>(62,462)</u>	<u>(48,094)</u>
Dividends from affiliated company, net of withholding taxes	-	-	66,536
Changes in non-cash working capital			
Accounts receivable	3,495	(58,144)	14,311
Accounts payable and accrued liabilities	5,806	(47,617)	49,978
	<u>9,301</u>	<u>(105,761)</u>	<u>130,825</u>
	(283,199)	(168,223)	82,731
Cash provided by (used in) investing activities			
Debenture receivable	845,729	(1,426,018)	(18,553)
Investment in resource properties	(297,019)	(427,844)	(555,440)
Disposal of fixed assets	-	-	15,742
	<u>548,710</u>	<u>(1,853,862)</u>	<u>(558,251)</u>
Cash provided by financing activities			
Issuance of capital stock	<u>320,000</u>	<u>-</u>	<u>231,000</u>
Increase (decrease) in cash and term deposits	585,511	(2,022,085)	(244,520)
Cash and term deposits, beginning of year	<u>54,050</u>	<u>2,076,135</u>	<u>2,320,655</u>
Cash and term deposits, end of year	<u>\$ 639,561</u>	<u>\$ 54,050</u>	<u>\$ 2,076,135</u>

Avino Mines & Resources Limited

Notes to Financial Statements

December 31, 1990

1. Summary of significant accounting policies

General

In 1989 and 1988, the Company's (Avino) financial statements included the wholly-owned United States subsidiary, Avino Mines & Resources, Inc. ("Avino Inc."), and were presented on a consolidated basis. In 1990, Avino Inc. was wound up and its net assets transferred to Avino.

Investment in affiliated company

This investment in an affiliated company is accounted for by the equity method. Under this method, the investment is carried at cost plus the Company's equity in earnings since acquisition and reduced by any dividends received. Dividends paid by the Mexican affiliate are subject to withholding taxes. The Company accrues estimated Mexican withholding taxes on those earnings of the affiliate that are intended to be remitted in the near future.

Foreign currency translation

The accounts of the Mexican affiliate are translated into Canadian dollars using the temporal method as follows: cash, receivables and payables at rates of exchange in effect at year-end; all other accounts at rates in effect at the transaction date.

Exchange gains or losses arising from the translation of current monetary assets and liabilities are included in operations. Exchange gains or losses relating to long-term monetary liabilities are deferred when material and amortized on a straight-line basis over the remaining life of the liability.

Portfolio investment

The portfolio investment is recorded at cost with a provision for decline in value which is considered to be permanent impairment.

Resource properties

The Company capitalizes the acquisition costs and related exploration expenditures until such time as the property to which they relate is brought into production, is abandoned, or is disproven. The costs will be amortized on a unit of production basis following commencement of production or written off to operations if the property is abandoned or disproven.

Recovery of the carrying value of the resource properties and deferred exploration expenditures is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the exploration and development, and the attainment of future profitable production or the disposition of the properties for proceeds in excess of their carrying value.

2. Accounts receivable

Accounts receivable is non-interest bearing and is from Coral Gold Corp. ("Coral"), a company with common directors. After the year end, the receivable was settled by the issuance of 268,620 common shares of Coral, at a price of \$0.20 per share.

3. Debenture receivable

The debenture receivable which arose from the lending of funds is from a company providing management and administrative services to Avino (Note 9), bears interest at 1% below prime and is due on demand. Collateral has been provided by a floating charge debenture on all the assets of the borrower. Interest earned on the debenture for the year amounted to approximately \$73,150.

Avino Mines & Resources Limited

Notes to Financial Statements
December 31, 1990

Page 2

4. Investment in affiliated company

Avino owns 49% of the issued shares of Cia Minera Mexicana de Avino S.A. de C.V., a company incorporated in Mexico and involved in the mining of commercial ores and natural resource exploration and development.

	1990	1989
Shares, at cost	\$ 376,864	\$ 376,864
Equity in earnings, net of withholding taxes	<u>2,427,834</u>	<u>2,537,423</u>
	2,804,698	2,914,287
Less: Dividends received, net of withholding taxes	<u>1,684,915</u>	<u>1,684,915</u>
	<u>\$ 1,119,783</u>	<u>\$ 1,229,372</u>

Summarized financial information of the affiliate is as follows:

	November 30 1990	November 30 1989	November 30 1988
Assets			
Current assets	\$ 1,847,054	\$ 2,287,966	\$ 1,883,776
Fixed assets	1,749,972	1,754,746	1,815,672
Other	<u>204,411</u>	<u>165,805</u>	<u>109,295</u>
	<u>\$ 3,801,437</u>	<u>\$ 4,208,517</u>	<u>\$ 3,808,743</u>
Liabilities and Shareholders' Equity			
Current liabilities	\$ 1,480,785	\$ 1,083,938	\$ 1,273,140
Long-term liabilities	189,241	452,272	584,992
Shareholders' equity	<u>2,131,411</u>	<u>2,672,307</u>	<u>1,950,611</u>
	<u>\$ 3,801,437</u>	<u>\$ 4,208,517</u>	<u>\$ 3,808,743</u>
Statement of income			
Sales	\$ 5,481,121	\$ 6,425,985	\$ 5,013,404
Cost of sales	<u>(4,872,878)</u>	<u>(4,443,241)</u>	<u>(3,617,157)</u>
Gross profit	608,243	1,982,744	1,396,247
Expenses	(1,352,464)	(1,197,296)	(990,768)
Foreign currency adjustment	269,845	(35,913)	(139,217)
Income taxes	<u>(66,520)</u>	<u>(27,839)</u>	<u>(230,441)</u>
	<u>(1,149,139)</u>	<u>(1,261,048)</u>	<u>(1,360,426)</u>
Net (loss) income for year	<u>\$ (540,896)</u>	<u>\$ 721,696</u>	<u>\$ 35,821</u>

Avino Mines & Resources Limited

Notes to Financial Statements

December 31, 1990

Page 3

	November 30 1990	November 30 1989	November 30 1988
49% share of (loss) income of affiliated Company	\$(265,039)	\$353,631	\$ 17,552
Provision for Mexican withholding taxes	<u>155,450</u>	<u>(99,741)</u>	<u>(1,755)</u>
Share of (loss) income of affiliated company	<u>\$(109,589)</u>	<u>\$253,890</u>	<u>\$ 15,797</u>

Effective 1988, the Mexican withholding tax rates on dividends were reduced. Accordingly, an adjustment of \$216,714 for excess Mexican withholding taxes accrued in prior years was recorded in 1988 as an extraordinary gain.

5. Portfolio investment

The portfolio investment represents shares in Levon Resources Ltd. ("Levon"), a public company which has the same president and management as Avino. During the year, Avino determined the investment had suffered a permanent decline in value and wrote the investment down to its quoted market value at December 31, 1990.

6. Resource properties

	December 31 1988	1989 additions*	1989 write-off	December 31 1989	1990 additions*	1990 write-off	December 31 1990
Canada							
Minto	\$382,015	\$ 6,395	\$ -	\$388,410	\$ 90	\$ -	\$ 388,500
Olympic	378,727	2,040	-	380,767	174	-	380,941
Loco Property	-	-	-	-	278,000	-	278,000
Minto extension	<u>84,263</u>	<u>57,230</u>	<u>-</u>	<u>141,493</u>	<u>5,353</u>	<u>-</u>	<u>146,846</u>
	845,005	65,665	-	910,670	283,617	-	1,194,287
United States							
Wonder Venture	56,982	352,963	409,945	-	-	-	-
Other	<u>13,919</u>	<u>9,216</u>	<u>-</u>	<u>23,135</u>	<u>13,402</u>	<u>36,537</u>	<u>-</u>
	70,901	362,179	409,945	23,135	13,402	36,537	-
	<u>\$915,906</u>	<u>\$427,844</u>	<u>\$409,945</u>	<u>\$933,805</u>	<u>\$ 297,019</u>	<u>\$ 36,537</u>	<u>\$1,194,287</u>

* Additions represent acquisition costs and exploration expenditures.

Of the \$1,194,287 deferred costs, \$231,000 incurred in 1988 were financed through flow-through common shares and are not deductible for income tax purposes.

Minto and Olympic

Avino has 100% interest in these mining claims in Lillooet Mining Division, British Columbia. The claims are recorded at acquisition cost plus exploration expenditures thereon.

Avino Mines & Resources Limited

Notes to Financial Statements

December 31, 1990

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Minto Extension

Avino has an option to acquire an 80% interest in three mining claims in the Lillooet Mining Division, British Columbia. To acquire the interest, the Company must incur accumulated expenditures on the claims as follows:

By June 15, 1989	\$ 40,000
By June 15, 1990	\$100,000
By June 15, 1991	\$180,000

Subsequent to December 31, 1990, the agreement was amended to extend the option period to June 15, 1992 and grant the optionee a 4% net smelter returns royalty.

As at December 31, 1990, Avino had incurred expenditures of \$146,846 (1989 - \$141,493; 1988 - \$84,263) on the above claims.

Loco Property

During the year, Avino acquired from Coral a 30% interest in certain mineral claims in the Lillooet Mining Division, British Columbia known as the Loco property in exchange for cash consideration of \$278,000 and a non-interest bearing promissory note for \$122,000. The promissory note is only payable if and when the property is either sold to, or joint ventured with, a third party or put into commercial production on or before February 1, 1998.

Subsequent to December 31, 1990, Avino acquired from Levon its 30% interest in the Loco property in exchange for cash consideration of \$278,000 payable over two years plus a non-interest bearing promissory note for \$122,000. The promissory note is only payable if and when the property is either sold to, or joint ventured with, a third party or put into commercial production on or before February 20, 1999. In addition, Avino acquired from Love Oil Company, Inc. the remaining 40% interest in the Loco property in exchange for cash consideration of U.S. \$150,000, payable over two years, issuance of 200,000 common shares of Avino plus share purchase warrants entitling Love Oil Company, Inc. to purchase an additional 100,000 common shares at \$1.05 per share exercisable until April 1992. The 200,000 common shares of Avino were issued in April 1991.

Wonder Venture

In December 1988, Avino entered into an agreement to earn a 50% interest in a joint venture to explore and develop certain mining property in Churchill County, Nevada. In December 1989, Avino terminated the agreement and the expenditures of \$409,945 were written off.

7. Share capital

	Number of shares	Amount
Balance, December 31, 1987	7,960,849	\$ 6,744,749
Issued for cash pursuant to flow-through common share agreement	<u>310,000</u>	<u>231,000</u>
Balance, December 31, 1988 and 1989	8,270,849	6,975,749
Issued for cash	<u>500,000</u>	<u>320,000</u>
Balance, December 31, 1990	<u>8,770,849</u>	<u>\$ 7,295,749</u>

Avino Mines & Resources Limited

Notes to Financial Statements

December 31, 1990

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The flow-through common shares issued in 1988 include 160,000 shares issued to various directors and employees of Avino and 100,000 shares issued to a company controlled by a director of Avino.

During the year, Avino issued 500,000 shares and 500,000 warrants to a director and a company controlled by a director for cash of \$320,000. The warrants, which expire in July 1992, entitle the holder to acquire one share of the Company for \$0.69 until July 1991 and \$0.79 until July 1992 for each warrant so held.

At December 31, 1990, 815,000 common shares were under option to directors, key employees and consultants of Avino as indicated below:

Exercise price per share	Year option granted	December 31 1989	Cancelled or renegotiated	Issued	December 31 1990	Year of expiry
\$0.95	1987	100,000	(100,000)	-	-	-
\$1.00	1988	565,000	(565,000)	-	-	-
\$0.60	1990	-	-	200,000	200,000	1991
\$0.60	1990	-	-	615,000	615,000	1995
		<u>665,000</u>	<u>(665,000)</u>	<u>815,000</u>	<u>815,000</u>	

Subsequent to December 31, 1990, 25,000 stock options were issued in exchange for \$15,000 cash.

8. Losses carry-forward

At December 31, 1990, Avino has approximately \$1,979,000 of losses available to reduce future income for tax purposes, of which \$742,000 relates to a capital loss available indefinitely to offset future capital gains. The remaining income tax losses carry-forward expire as follows:

1991	\$ 328,000
1992	83,000
1993	253,000
1994	185,000
1995	60,000
1996	<u>328,000</u>
	<u>\$ 1,237,000</u>

The tax benefits of the losses have not been recorded in the accounts.

9. Commitments

On January 1, 1988, Avino entered into an agreement with a company to provide Avino with management and administrative services. Avino has one common director and is one of six affiliated companies which beneficially owns this company. Avino is required to pay a fee equal to the greater of \$2,000 per month or 15% of expenditures incurred by that company on behalf of Avino.

In June 1990, this agreement was terminated and Avino entered into a new agreement requiring it to pay a fee of 20% of this company's overhead expenses. The agreement may be terminated on one month notice by either party.

Avino Mines & Resources Limited

Notes to Financial Statements

December 31, 1990

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During 1990, 1989 and 1988, payment for these services amounted to approximately \$63,700, \$70,800 and \$67,600 respectively of which approximately \$2,400, \$31,300 and \$47,500 respectively has been capitalized in resource properties and approximately \$61,300, \$39,500 and \$20,100 respectively has been included in general and administrative expenses.

In 1988, Avino transferred its office equipment to this company for cash at their carrying value of \$10,280.

10. Related party transactions

Avino paid consulting fees of approximately \$64,200 (1989 - \$41,000) to directors and companies controlled by directors of Avino.

11. Subsequent events

- Subsequent to December 31, 1990, Avino issued 700,000 flow through units at \$0.60 per unit for net cash proceeds of \$399,000 commission of \$21,000. Each unit consisted of one flow-through common share and one share purchase warrant entitling the holder to purchase one additional flow-through share for \$0.75 per share exercisable until March 1, 1992.
- Subsequent to December 31, 1990, Avino issued 100,000 shares at a deemed price of \$0.75 per share to a company in exchange for corporate finance services.



**AVINO
MINES
& RESOURCES
LIMITED**


UNAUDITED INTERIM FINANCIAL STATEMENTS


For the Three Months Ended March 31, 1991

BALANCE SHEET
Unaudited

	March 31, 1991
Assets	
Current:	
Cash and term deposits	\$ 650,132
Cash - net flow-through proceeds	399,000
Accounts receivable (Note 1)	56,999
Debenture receivable	504,558
	<u>1,610,689</u>
Investment in affiliated company	1,066,501
Portfolio investment	14,120
Resource properties (Note 2)	1,649,511
	<u>\$ 4,340,821</u>
Current Liabilities	
Accounts payable and accrued liabilities	\$ 116,667
Due to Levon Resources Ltd.	139,000
Due to Love Oil Company Inc.	87,000
	<u>342,667</u>
Long Term Liabilities	
Due to Levon Resources Ltd.	139,000
	<u>481,667</u>
Shareholders' Equity	
Share capital (Note 3)	
Authorized	
25,000,000 common shares without par value	
Issued	
8,785,849 (1990 - 8,770,849) shares	7,304,749
Subscribed but not issued- 700,000 flow-through shares	399,000
	<u>7,703,749</u>
Deficit - December 31, 1990	3,506,444
Deficit for first quarter 1991	92,282
	<u>3,598,726</u>
Deduct:	
170,900 shares held for future disposition, at cost	245,869
	<u>\$ 4,340,821</u>

Approved by the Directors:





STATEMENT OF OPERATIONS AND DEFICIT

Unaudited

	Three Months Ended March 31, 1991
Revenue:	
Share of loss of affiliated company net of withholding taxes	\$ (53,282)
Interest income	31,417
	(21,865)
Expenses:	
Management services	4,171
Executive consulting fees (Note 4)	10,369
Legal & professional	25,216
Office	14,731
Rent	1,440
Investor relations	10,570
Statutory compliance	2,025
Transfer agent	1,320
Travel & entertainment	575
	70,417
Total expenses	70,417
Net loss for the period	(92,282)
Deficit, beginning of period	3,506,444
Deficit, end of period	\$ 3,598,726
Loss per share	\$0.01

STATEMENT OF CHANGES IN FINANCIAL POSITION
Unaudited

	Three Months Ended March 31, 1991
Cash provided by (used in) operating activities:	
Operations	
Loss for period	\$ (92,282)
Item not affecting cash	53,282
	<u>(39,000)</u>
Changes in non-cash working capital	
Accounts receivable	(2,350)
Accounts payable and accrued liabilities	453,861
	<u>412,511</u>
Cash provided by (used in) investing activities	
Debenture receivable	44,284
Investment in resource properties	(455,224)
	<u>(410,940)</u>
Cash provided by financing activities	
Issuance of capital stock	408,000
	<u>409,571</u>
Increase in cash and term deposits	409,571
Cash and term deposits, beginning of period	639,561
	<u>639,561</u>
Cash and term deposits, end of period	<u>\$ 1,049,132</u>

NOTES TO FINANCIAL STATEMENTS

1. Accounts Receivable

Accounts receivable is non-interest bearing and is from Coral Gold Corp. ("Coral"), a company with common directors. Subsequent to March 31, the receivable aggregating \$53,724 was settled by the issuance of 268,620 common shares of Coral at a deemed price of \$0.20 per share. The sum of \$3,275 from Coral remains outstanding.

2. Resource properties

Canada	Dec. 31 1990	Additions*	March 31 1991
Minto	\$ 388,500	\$ —	\$ 388,500
Olympic	380,941	—	380,941
Loco Property	278,000	455,224	733,224
Minto extension	146,846	—	146,846
	\$1,194,287	\$ 455,224	\$1,649,511

- * Additions represent acquisition costs of \$452,000 which includes amounts payable to Love Oil Company Inc., and to Levon Resources Ltd. for the acquisition of the Loco property, and exploration expenditures of \$3,224.

Minto Extension

Avino has an option to acquire an 80% interest in three mining claims in the Lillooet Mining Division, British Columbia. To acquire the interest, the Company must incur certain expenditures on the claims as follows:

By June 15, 1989	\$ 40,000
By June 15, 1990	\$100,000
By June 15, 1991	\$180,000

The original option agreement was amended to extend the option period to June 15, 1992 and grant the Company a 4% net smelter returns royalty.

Loco Property

In 1990, Avino acquired from Coral its 30% interest in certain crown granted mineral claims in the Lillooet Mining Division, British Columbia known as the Loco property in exchange for cash consideration of \$278,000 and a non-interest bearing promissory note for \$122,000. The promissory note is only payable if and when the property is either sold to, or joint ventured with, a third party or put into commercial production on or before February 1, 1998.

NOTES - CONTINUED

Subsequent to December 31, 1990, Avino acquired from Levon its 30% interest in the Loco property in exchange for cash consideration of \$278,000 payable over two years plus a non-interest bearing promissory note for \$122,000. The promissory note is only payable if and when the property is either sold to, or joint ventured with, a third party or put into commercial production on or before February 20, 1999. In addition, Avino acquired from Love Oil Company, Inc. the remaining 40% interest in the Loco property in exchange for cash consideration of U.S. \$150,000, payable over two years, issuance of 200,000 common shares of Avino, plus share purchase warrants entitling Love Oil Company Inc. to purchase 100,000 common shares at \$1.05 per share exercisable until April 1992. The 200,000 common shares of Avino were issued in April 1991.

3. Share Capital

	Number of shares	Amount
Balance, December 31, 1990	8,770,849	\$7,295,749
Issued for cash to March 31, 1991	15,000	9,000
	8,785,849	7,304,749
Subscribed for cash but not issued	700,000*	399,000*
	9,485,849	\$7,403,749

* Subsequent to March 31, 1991, Avino issued 700,000 flow through units at \$0.60 per unit for net cash proceeds of \$399,000 and commission of \$21,000. Each unit consists of one flow-through common share and one share purchase warrant entitling the holder to purchase one additional flow-through share at \$0.75 per share exercisable until April 2, 1992.

At March 31, 1991, 800,000 common shares were under option to directors, employees and consultants of Avino as indicated below:

Exercise Price	Year option granted	Dec. 31, 1990	Exercised during period	Outstanding at Mar 31/91	Year of expiry
\$0.60	1990	200,000	-	200,000*	1991
\$0.60	1990	615,000	15,000	600,000	1995
		805,000	15,000	800,000	

* Subsequent to March 31, 1991, stock options of 30,000 shares at \$0.60 per share were exercised for cash of \$18,000.

NOTES - CONTINUED

4. Related Party Transactions

Avino paid consulting fees of approximately \$7,500 to a company controlled by a director of Avino and paid \$2,869 indirectly by way of salary to a director of the company for services by Oniva International Services Corporation. Oniva has one director common to Avino and is one of six affiliated companies which beneficially owns Oniva.

5. Subsequent Event

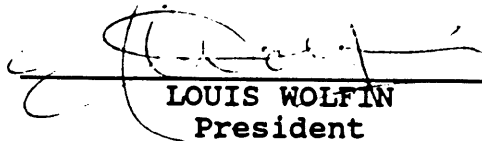
Subsequent to March 31, 1991, Avino issued 100,000 shares at a deemed price of \$0.75 per share to L.O.M. Western Securities Ltd, in exchange for corporate finance services.

CERTIFICATES

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Statement of Material Facts as required by the Securities Act and its regulations.


DATED: July 25, 1991

ISSUER



LOUIS WOLFEN
President

ON BEHALF OF THE BOARD OF DIRECTORS

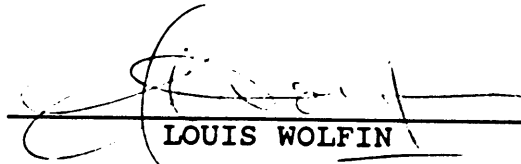


ERNEST CALVERT
Director



LAURA MELOCHE
Director

PROMOTER



LOUIS WOLFEN

CERTIFICATE OF AGENT

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Statement of Material Facts as required by the Securities Act and its regulations.

DATED: July 25, 1991

L.O.M. WESTERN SECURITIES LTD.

Per: 