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Avino Silver & Gold Mines: undervalued, with near-term production growth

Avino Silver & Gold Mines (CVE:ASM) is an underfollowed and undervalued silver-gold producer with immediate term production growth at a low cost, according to a Cantor Fitzgerald research note released today.

Analyst Rob Chang initiated coverage of the company with a buy recommendation and a \$3.15 per share target price.

Chang said immediate growth comes from the re-opening of the Avino mine in Mexico, while longer term growth is due via the company's Bralorne mine acquisition and the processing of an on-site tailings stockpile.

The company's current production hails from the San Gonzalo mine in Durango, Mexico, which began operations in October 2012. Additional production comes from historic marginal stockpiles, with nearly 300,000 silver equivalent ounces produced from the site in the third quarter.

Cantor Fitzgerald also noted the company's large production ramp-up, given the announcement of the re-opening of the Avino mine and the start of processing on September 1st. The Avino mine is located approximately 2 km from the San Gonzalo mine.

"We expect a meaningful production boost in light of the 1,000 TPD circuit #3 which was recently commissioned," Chang wrote in the report released to investors.

"The ability to re-start production quickly has set Avino apart from its peers and can be directly attributed to the existing milling facilities on the property left from past mining," he added.

The Avino mine has a history of strong production. In the three years prior to closing down due to low commodity prices in 2001, it consistently produced nearly 2 million silver equivalent ounces. The mine was in continuous production from 1974 to 2001.

Additional growth is also on the horizon with the Bralorne mine in British Columbia, given that it is a producing gold asset with exploration upside. The 2,490 hectare property is located 240 km northeast of Vancouver, and covers three historic gold mines that produced 4.1 million ounces of gold between 1928-1971.

"With the San Gonzalo mine already in operation, the Avino mine now in its commissioning stage, the Bralorne acquisition now completed, and the low capex tailings heap leach asset showing excellent economics, we forecast notable production growth from Avino," Cantor's Chang concluded.

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Share Information

Code: ASM
Listing: TSX-V
Sector: Gold & silver
Website: www.avino.com

Company Synopsis:

Avino Silver & Gold Mines Ltd. (Avino) is a natural resource company, primarily engaged in the acquisition, exploration and development of natural resource properties. The Company's principal business activities include the exploration of a mineral property located in the State of Durango, Mexico and other mineral properties in Canada, specifically British Columbia and the Yukon Territory.

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