



TFSA Investors: 1 Value Stock With Hidden and Undervalued Assets

Description

Avino Silver and Gold ([TSX:ASM](#)) is a Canadian-based resource firm focused on silver, gold, and copper exploration, extraction, and processing. The company has a long prior history of operations, beginning in 1968 with the development of the Avino silver mine located in the state of Durango, Mexico. From 1974 to 2001, the Avino mine produced silver, gold, copper, and lead and provided hundreds of jobs for the Durango region before closing due to depressed metal prices and the closing of a smelter.

Robust business strategy

Beginning in 2002, the company re-directed Avino's [corporate strategy](#) to focus almost entirely on silver, and the company began acquiring silver properties in North America. The company acquired the Eagle property in Canada's Yukon, and the Aumax silver and gold property in British Columbia. Each property produced encouraging assays for silver through drilling and sampling. However, in late April 2012, the company relinquished Avino's interest in the Aumax silver and gold property to focus on the property in Mexico.

Growth by acquisition

In 2014, Avino acquired Bralorne Gold Mines, a British Columbia company. The Avino mine in Mexico, the Bralorne mine in British Columbia, and [surrounding mineral leases](#) continue to hold silver and gold potential. On December 13, 2019, the company completed the sale of Bralorne to **Talisker** ([TSX:TSK](#)). The sale includes the Bralorne gold mine and is part of the company's plan to focus on core mining operations in Mexico.

Strategic agreements

The company also has an option agreement with **Alexco Resources** ([TSX:AXU](#)) on Alexco's wholly-owned Eagle property located in the Yukon. This option agreement was terminated in 2019

after it was determined that these properties, along with other silver and gold projects, will remain the company's chief focus for the foreseeable future.

Recently, the company declared that extracting and processing resources at levels intended by management had been achieved at the Avino Mine following an advancement and test period of 19 months. The decision was based on several criteria. All critical capital components had been acquired and installed to achieve desired mining and processing results.

Further, the necessary labour force, including production and development mining contractors, had been secured to mine and process at planned levels of output. The mill has consistently processed at levels above design capacity and budgeted production levels with consistent recoveries and grades.

The company also entered into a long-term sales agreement with Samsung C&T U.K. Limited. Further, Samsung has provided Avino with a term facility which has provided capital to facilitate further expansion and development of the Avino mine.

Undervalued assets

Avino's remaining undervalued Mexican properties other than San Gonzalo and Avino, as well as the company's Canadian properties, are all in the exploration stage. In order to determine if a commercially viable mineral deposit exists in any of these properties, further geological work will need to be done. Based upon the results of that work, a final evaluation will need to be made to conclude on economic and legal feasibility.

Overall, the company appears to own some very valuable assets which could result in higher stock prices as gold prices recover.

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2. TSX:AXU (Alexco Resource Corp.)
3. TSX:TSK (Talisker Resources Ltd.)

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