

Starcore International Mines Ltd.

Condensed Interim Consolidated Financial Statements

For the six months ended January 31, 2015

(Unaudited)

**NOTICE TO READER OF THE UNAUDITED CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

The unaudited condensed interim consolidated financial statements for the six months ended January 31, 2015 have been prepared by and are the responsibility of the Company's management. These financial statements have not been reviewed or audited by the Company's auditors.

Starcore International Mines Ltd.
Condensed Interim Consolidated Statements of Financial Position
(in thousands of Canadian dollars) – (Unaudited)

As at	January 31, 2015	July 31, 2014
Assets		
Current		
Cash	\$ 3,165	\$ 5,454
Short-term investments (note 3)	4,581	4,324
Amounts receivable (note 4)	2,826	3,409
Inventory (note 5)	2,632	2,464
Prepaid expenses and advances	1,330	891
Total Current Assets	14,534	16,542
Non-Current		
Mining interest, plant and equipment (note 6)	50,477	44,488
Exploration and evaluation assets (note 7)	1,110	-
Deferred tax assets	4,200	4,064
Total Non-Current Assets	55,787	48,552
Total Assets	\$ 70,321	\$ 65,094
Liabilities		
Current		
Trade and other payables	\$ 2,402	\$ 3,252
Non-Current		
Rehabilitation and closure cost provision (note 9)	1,207	1,128
Deferred tax liabilities	14,431	13,167
Total Non-Current Liabilities	15,638	14,295
Total Liabilities	\$ 18,040	\$ 17,547
Equity		
Share capital (note 12)	\$ 45,354	\$ 44,023
Equity reserve	11,140	11,213
Foreign currency translation reserve	4,729	(915)
Accumulated deficit	(8,942)	(6,774)
Total Equity	52,281	47,547
Total Liabilities and Equity	\$ 70,321	\$ 65,094

Commitments (notes 10 and 12)
Subsequent event (note 18)

Approved by the Directors:

“Robert Eadie” Director

“Gary Arca” Director

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

Starcore International Mines Ltd.
Condensed Interim Consolidated Statements of Operations and Comprehensive Income
(in thousands of Canadian dollars except per share amounts) – (Unaudited)

	For the three months ended		For the six months ended	
	January 31,		January 31,	
	2015	2014	2015	2014
Revenues				
Mined ore	\$ 7,143	\$ 8,378	\$ 14,480	\$ 17,127
Purchased concentrate	-	-	332	-
Total Revenues	7,143	8,378	14,812	17,127
Cost of Sales (notes 5 and 11)				
Mined ore	5,170	4,478	10,401	8,513
Purchased concentrate	-	-	306	-
Depreciation and depletion	1,760	1,512	3,441	3,109
Total Cost of Sales	6,930	5,990	14,148	11,622
Earnings from mining operations	213	2,388	664	5,505
Financing costs (net) (note 7)	(22)	(17)	(44)	(243)
Foreign exchange gain (loss)	886	771	1,160	782
Professional and consulting fees	(520)	(158)	(708)	(239)
Management fees and salaries (note 11)	(265)	(599)	(533)	(883)
Office and administration (note 11)	(371)	(478)	(661)	(818)
Shareholder relations	(45)	(99)	(50)	(163)
Impairment on investment (note 10)	(175)	-	(175)	-
Write-down for obsolete equipment and impairment	-	(2)	-	(121)
Earnings (Loss) before taxes	(299)	1,806	(347)	3,820
Income tax recovery (expense)				
Current	(85)	-	354	-
Deferred	268	(206)	747	76
Earnings (loss) for the period	(116)	1,600	754	3,896
Other comprehensive income				
Foreign currency translation differences	4,403	2,007	5,604	2,595
Comprehensive income for the period	\$ 4,287	\$ 3,607	\$ 6,358	\$ 6,491
Basic income (loss) per share (Note 15)	\$ (0.00)	\$ 0.01	\$ 0.01	\$ 0.03
Diluted income (loss) per share (Note 15)	\$ (0.00)	\$ 0.01	\$ 0.01	\$ 0.03

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

Starcore International Mines Ltd.
Condensed Interim Consolidated Statements of Cash Flows
(in thousands of Canadian dollars) – (Unaudited)

For the six months ended January 31,	2015	2014
Cash provided by		
Operating activities		
Earnings for the period	\$ 754	\$ 3,896
Items not involving cash:		
Depreciation and depletion	3,463	3,083
Share-based compensation (note 10)	111	142
Interest revenue	(7)	(13)
Interest on long-term debt	-	33
Unwinding of discount on long-term debt (note 7)	-	104
Legal fees paid on financing settlement	-	78
Rehabilitation and closure cost accretion (note 8)	41	41
Write-down for obsolete equipment	-	121
Impairment on investment	175	
Income tax recovery	(1,101)	(76)
Cash generated by operating activities before working capital changes	3,436	7,409
Change in non-cash working capital items		
Prepaid expenses and advances	(222)	1,551
Amounts receivable	981	(1,914)
Inventory	216	(304)
Trade and other payables	(880)	199
Cash provided by operating activities	3,531	6,941
Financing activities		
Dividends issued	(2,922)	-
Share issuances	386	-
Repayment of loan payable (note 7)	-	(3,583)
Interest paid	-	(33)
Financing costs	-	(78)
Cash outflows for financing activities	(2,505)	(3,694)
Investing activities		
Purchase of short-term investments	-	(3,063)
Sale of short-term investments	-	2,700
Interest received	2	4
Investment in subsidiary	(175)	-
Purchase of mining interest, plant and equipment	(2,113)	(3,415)
Cash outflows for investing activities	(2,286)	(3,774)
Total increase (decrease) in cash	(1,260)	(527)
Effect of foreign exchange rate changes on cash	(1,029)	(985)
Cash, beginning of year	5,454	5,638
Cash, end of year	\$ 3,165	\$ 4,126

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

Starcore International Mines Ltd.**Condensed Interim Consolidated Statements of Changes in Equity for the six months ended January 31, 2015 and 2014
(in thousands of Canadian dollars, except for number of shares) – (Unaudited)**

	Number of Shares Outstanding	Share Capital	Equity Reserve	Foreign Currency Translation Reserve	Accumulated Deficit	Total
Balance, July 31, 2013	143,390,465	\$ 43,752	\$ 10,754	\$ (2,542)	\$ (9,739)	\$ 42,225
Share-based compensation	-	-	142	-	-	142
Foreign currency translation	-	-	-	2,595	-	2,595
Earnings for the period	-	-	-	-	3,896	3,896
Balance, January 31, 2014	143,390,465	43,752	10,896	53	(5,843)	48,858
Issued for cash pursuant to:						
Exercise of stock options - at \$0.15	125,000	26	(7)	-	-	19
Deferred tax effect of share issue costs	-	245	-	-	-	245
Share-based compensation	-	-	324	-	-	324
Foreign currency translation	-	-	-	(968)	-	(968)
Earnings for the period	-	-	-	-	(931)	(931)
Balance, July 31, 2014	143,515,465	44,023	11,213	(915)	(6,744)	47,547
Issued for cash pursuant to:						
Exercise of stock options - at \$0.15	2,575,000	570	(184)	-	-	387
Acquisition of AJC - at \$0.13	5,856,382	761	-	-	-	761
Dividends issued	-	-	-	-	(2,922)	111
Share-based compensation	-	-	111	-	-	(2,922)
Foreign currency translation	-	-	-	5,604	-	5,604
Earnings for the period	-	-	-	-	754	754
Balance, January 31, 2015	151,946,847	\$ 45,354	\$ 11,140	\$ 4,689	\$ (8,942)	\$ 52,241

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

Starcore International Mines Ltd.
Notes to the Condensed Interim Consolidated Financial Statements
(in thousands of Canadian dollars unless stated otherwise) – (Unaudited)

January 31, 2015

1. Corporate Information

Starcore International Mines Ltd. is the parent company of its consolidated group (the “Company” or “Starcore”) and was incorporated in Canada with its head office located at Suite 750 – 580 Hornby Street, Vancouver, British Columbia, V6C 3B6.

Starcore is engaged in extracting, processing and exploring for gold and silver in Mexico. On February 1, 2007, the Company acquired Compañía Minera Peña de Bernal, S.A. de C.V. (“Bernal”), which owns the San Martin mine in Queretaro, Mexico, from Luismin S.A. de C.V. (“Luismin”), a wholly owned subsidiary of Goldcorp, Inc. (the “Acquisition”). Pursuant to the Acquisition, the Company paid US\$24 million or \$28.2 million and issued 4,729,600 common shares to Luismin at a fair value of US\$2 million or \$2,365 based upon the Toronto Stock Exchange (“TSX”) trading value of the Company’s shares at the date of the Agreement. The San Martin mine has been in operation since 1993 producing gold and silver and is a self-sustaining mining operation in Mexico. Bernal is the Company’s sole source of operating cash flows.

2. Basis of Preparation

a) Statement of Compliance

These unaudited condensed interim consolidated financial statements for the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). These condensed interim consolidated financial statements, for the six months period ended January 31, 2015, have been prepared in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting, and do not include all the information required for full annual financial statements.

These condensed interim financial statements should be read in conjunction with the Company’s 2014 annual financial statements.

The financial statements were authorized for issue by the Board of Directors on _____, 2015.

b) Basis of Measurement

The condensed interim consolidated financial statements have been prepared on a historical cost basis, except certain financial instruments, which are measured at fair value.

The condensed interim consolidated financial statements are presented in Canadian dollars, which is also the parent Company’s functional currency, and all values are rounded to the nearest thousand dollars, unless otherwise indicated.

The preparation of the condensed interim consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4 of the Company’s July 31, 2014 year-end consolidated financial statements.

Starcore International Mines Ltd.
Notes to the Condensed Interim Consolidated Financial Statements
(in thousands of Canadian dollars unless otherwise stated) – (Unaudited)

January 31, 2015

2. Basis of Preparation – (cont'd)

c) Basis of consolidation

These consolidated financial statements include the accounts of the Company and all of its subsidiaries, which are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from the entity's activities. Subsidiaries are included in the consolidated financial results of the Company from the effective date of acquisition up to the effective date of disposal or loss of control. The Company's wholly-owned subsidiary, Compañía Minera Peña de Bernal, S.A. de C.V. ("Bernal"), along with various other subsidiaries carry out their operations in Mexico and in Canada.

All intra-group transactions, balances, income and expenses are eliminated, in full, on consolidation.

3. Short-term Investments

At January 31, 2015, the Company held a Guaranteed Investment Certificate ("GIC") denominated in United States Dollars ("USD") with a market value of \$4,581 (July 31, 2014 - \$3,924), earning interest income at 0.2% per annum and maturing on November 5, 2015. The Company no longer holds any GIC's denominated in Mexican Pesos (July 31, 2014 - \$400).

These GICs are cashable at the Company's option and are considered to be highly liquid. The Company's short-term investments are held at two financial institutions and as such the Company is exposed to the risks of those financial institutions.

Subsequent to the period end, the Company redeemed USD \$1.1 GIC's in relation to the acquisition of Creston Mining (Note 11).

4. Amounts Receivable

	January 31, 2015	July 31, 2014
Taxes receivable	\$ 2,653	\$ 2,856
Trade receivables	-	351
Other	173	202
	\$ 2,826	\$ 3,409

5. Inventory

	January 31, 2015	July 31, 2014
Carrying value of inventory:		
Doré	\$ 1,380	\$ 1,141
Work-in-process	156	190
Stockpile	168	238
Supplies	928	895
	\$ 2,632	\$ 2,464

Starcore International Mines Ltd.
Notes to the Condensed Interim Consolidated Financial Statements
(in thousands of Canadian dollars unless otherwise stated) – (Unaudited)

January 31, 2015

6. Mining Interest, Plant and Equipment

	Mining Interest	Plant and Equipment	Corporate Office Equipment	Total
Cost				
Balance, July 31, 2013	\$ 49,358	\$ 11,685	\$ 325	\$ 61,368
Additions	3,464	2,503	-	5,967
Write-down of equipment	-	(253)	-	(253)
Effect of foreign exchange	3,037	958	-	3,995
Balance, July 31, 2014	55,859	14,893	325	71,077
Additions	1,213	804	96	2,113
Effect of foreign exchange	9,437	2,570	-	12,007
Balance, January 31, 2015	\$ 66,509	\$ 18,267	\$ 421	\$ 85,197
Depreciation				
Balance, July 31, 2013	\$ 14,634	\$ 4,417	\$ 239	\$ 19,290
Depreciation for the year	5,012	1,041	33	6,086
Write-down of equipment	-	(129)	-	(129)
Effect of foreign exchange	933	409	-	1,342
Balance, July 31, 2014	20,579	5,738	272	26,589
Depreciation for the period	2,853	591	19	3,463
Effect of foreign exchange	3,645	1,023	-	4,668
Balance, January 31, 2015	\$ 27,077	\$ 7,352	\$ 291	\$ 34,720
Carrying amounts				
Balance, July 31, 2014	\$ 35,280	\$ 9,155	\$ 53	\$ 44,488
Balance, January 31, 2015	\$ 39,432	\$ 10,915	\$ 130	\$ 50,477

7. Exploration and evaluation asset

Pursuant to the acquisition of American Consolidated Minerals Corp (“AJC”) (Note 11), the Company has acquired the right to 3 properties which it has valued at \$1,057 based on the acquisition consideration allocated to properties at the acquisition date (\$1,110 at January 31, 2015 after exchange adjustment) as follows:

a) Lone Ranch

Pursuant to the acquisition of American Consolidated Minerals Corp (“AJC”) (Note 11), the Company has acquired the right to a 100% undivided interest, subject to a 3% net smelter royalty (“NSR”), in 73 mining claims located in Ferry County, Washington State, United States of America (“Lone Ranch”) from MinQuest Inc. (“MinQuest”). Consideration to be paid for the interest is US\$410, and the Company must incur total exploration expenditures of US\$1,225 (\$175 incurred) on the property, by the third anniversary of the “New Effective Date” as agreed by MinQuest. The New Effective Date shall be

Starcore International Mines Ltd.
Notes to the Condensed Interim Consolidated Financial Statements
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January 31, 2015

7. Exploration and evaluation asset – (cont'd)

a) Lone Ranch - (cont'd)

the earlier of October 15, 2018 or the date the Company enters into a joint venture agreement over the property or the date that the Company completes a bankable feasibility study on the property.

The optionor has also granted the Company the right to purchase up to one-half of the NSR (or 1.5%) on the basis of US\$1,500 per each 1% of the royalty. If the Company does not incur the exploration expenditures as specified, the unpaid portions may be paid to the optionor to maintain the option.

b) Toiyabe

Pursuant to the acquisition of AJC, the Company has the right to acquire a 100% undivided interest, subject to a 3% NSR, in 165 mining claims located in Lander County, Nevada, United States of America (“Toiyabe”) from MinQuest. Consideration to be paid for the interest is US\$900 and the Company must incur total exploration expenditures of US\$1,025 (US\$1,025 incurred) on the property, by the fifth anniversary of the “New Effective Date” as agreed by MinQuest. The New Effective Date shall be the earlier of October 15, 2018 or the date the Company enters into a joint venture agreement over Toiyabe or the date that the Company completes a bankable feasibility study on the property.

The optionor has also granted the Company the right to purchase up to one-half of the NSR (or 1.5%) on the basis of US\$2,000 per each 1% of the royalty. If the Company does not incur the exploration expenditures as specified, the unpaid portions may be paid to the optionor to maintain the option.

c) Sierra Rosario

Pursuant to the acquisition of AJC, the Company acquired a 50% interest in the 500-hectare Sierra Rosario Property, located in the state of Sinaloa, Mexico (“Sierra Rosario”). Subsequent to January 31, 2015, the Company acquired the remaining 50% interest from the optionor for \$25 and a 1% NSR over the entire property.

8. Loan payable

During the year ended July 31, 2012, the Company secured an \$11 million credit facility (the “Facility”) with Sprott Resource Lending. The facility was used to settle the hedge liability originally entered into with Investec Bank PLC pursuant to a Loan Facility entered into on purchase of the mine in 2007. On August 30, 2013, the Company paid the remaining \$3,583 of the Facility, settling its obligation in full and without penalty. The Company made payments consisting of \$3,583 in repayment of principal and \$33 of interest. In the quarter ended October 31, 2013, the remaining \$104 of the Discount was recognized as a financing cost in the Company’s total earnings and the Company paid \$69 in legal fees pursuant to the settlement of the Facility which were recognized in the Consolidated Statements of Operations and Comprehensive Income as incurred.

9. Rehabilitation and Closure Cost Provision

The Company’s asset retirement obligations consist of reclamation and closure costs for the mine. At January 31, 2015, the present value of obligations is estimated at \$1,247 (July 31, 2014 - \$1,128) based on expected undiscounted cash-flows at the end of the mine life of 19,866,000 Mexican pesos (“MP”) or \$1,681 (July 31, 2014 - \$1,693), which is calculated annually over 5 to 10 years. Such liability was determined using a discount rate of 8% (July 31, 2014 – 8%), an inflation rate of 3.5% (July 31, 2014 – 3.5%).

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Notes to the Condensed Interim Consolidated Financial Statements
(in thousands of Canadian dollars unless otherwise stated) – (Unaudited)

January 31, 2015

9. Rehabilitation and Closure Cost Provision – (cont'd)

During the period ending January 31, 2015, the Company added rehabilitation and closure cost provision related to the exploration and evaluation assets acquired through the acquisition of American Consolidated in the amounts of \$39. Significant reclamation and closure activities include land rehabilitation, demolition of buildings and mine facilities, closing portals to underground mining areas and other costs.

Changes to the reclamation and closure cost balance during the period are as follows:

	January 31, 2015	July 31, 2014
Balance, beginning of year	\$ 1,128	\$ 1,053
Accretion expense	41	84
Addition (note 11)	39	-
Foreign exchange fluctuation	(1)	(9)
	\$ 1,207	\$ 1,128

10. Other Long – Term Liabilities

Under Mexican tax laws, the Company's Mexican subsidiary is required to remit 10% of taxable income to employees as statutory profit-sharing. The provision for profit-sharing is based on accounting income and the amounts are payable based on the Company's Mexican subsidiary earning taxable income.

11. Acquisition of Subsidiaries

Acquisition of American Consolidated Minerals Corp.

On November 20, 2014, the Company announced the approval of the proposed acquisition of American Consolidated Minerals Corp ("AJC") pursuant to a plan of arrangement (the "Transaction").

The Transaction was approved by AJC shareholders at AJC's Special Meeting held on November 20, 2014.

The Transaction was completed on December 1, 2014 upon the satisfaction of all of the conditions set out in the arrangement agreement entered into by AJC and the Company on October 1, 2014, including approval by the Supreme Court of British Columbia.

AJC shareholders received one common share of the Company (a "Starcore Share") for three (3) common shares of AJC (the "AJC Shares") held by such AJC shareholder (the "Exchange Ratio"). In addition, each holder of the outstanding stock options and common share purchase warrants of AJC (the "AJC Options") received replacement options or warrants of the Company (the "Starcore Options") based upon the Exchange Ratio, and the exercise price of the replacement Starcore Options was adjusted based upon the Exchange Ratio. Prior to the acquisition, there were 17,569,191 AJC Shares, Nil AJC Options and 1,671,416 common share purchase warrants outstanding. In connection with the Transaction, the Company issued 5,856,382 Starcore Shares, and 557,135 common share purchase warrants. Following completion of the Transaction, former AJC shareholders hold less than 4% of the outstanding Company shares and AJC has been de-listed from the TSX Venture Exchange.

Starcore International Mines Ltd.
Notes to the Condensed Interim Consolidated Financial Statements
(in thousands of Canadian dollars unless otherwise stated) – (Unaudited)

January 31, 2015

11. Acquisition of Subsidiaries – (cont'd)

The acquisition represents a business combination and has been accounted for using the acquisition method. The fair value of the total consideration transferred and the acquisition fair value of each major class of consideration is as follows:

Assets		
Cash	\$	31
Reclamation deposits		43
Exploration and evaluation assets		1,057
<hr/>		
Total assets		1,131
Less: Liabilities		
- Trade and other payables		144
- Advances payable		37
- Notes payable		150
- Rehabilitation provision		39
<hr/>		
Total liabilities		370
Net assets		761
Consideration:		
Shares (5,856,382 shares issued at \$0.13 per share)	\$	761
<hr/>		

Acquisition of Mexican subsidiary

During the period ended January 31, 2015, the Company acquired a subsidiary, which owns a Mexican company that has significant Mexican tax assets, including Mexican VAT tax benefits. The Company acquired this subsidiary for \$175 payable consisting of \$145 on signing the agreement and the remainder when liabilities have been settled.

This acquisition was accounted for using the purchase method of accounting. Under this method, the consideration paid is allocated to the fair value of the net assets acquired.

During the period ended January 31, 2015, the Company determined that the net assets acquired were fully impaired and \$175 was written off to the statement of operations.

12. Share Capital

a) Common Shares

The Company is authorized to issue an unlimited number of common shares, issuable in series.

The holders of common shares are entitled to one vote per share at meetings of the Company and to receive dividends, which may be declared from time-to-time. All shares are ranked equally with regard to the Company's residual assets.

During the period ended January 31, 2015, the Company issued:

- 2,575,000 shares pursuant to the exercise of stock options at \$0.15 per share for proceeds of \$387. The fair value of the options as determined on the date of issuance, being \$183, was transferred to the Company's share capital from equity reserve on exercise.

Starcore International Mines Ltd.
Notes to the Condensed Interim Consolidated Financial Statements
(in thousands of Canadian dollars unless otherwise stated) – (Unaudited)

January 31, 2015

12. Share Capital – (cont'd)

a) Common Shares – (cont'd)

- 5,856,382 shares pursuant to the plan of arrangement whereby the Company acquire all of the outstanding common shares of AJC (Note 11).

During the year ended July 31, 2014, the Company issued:

- 125,000 shares pursuant to the exercise of stock options at \$0.15 per share for proceeds of \$19. The fair value of the options as determined on the date of issuance, being \$7, was transferred to the Company's share capital from equity reserve on exercise.

During the prior year ended July 31, 2014, the Company adjusted the deferred tax effect on share issuance costs which resulted in an adjustment of \$245.

b) Warrants

No warrants were issued during the period ended January 31, 2015 or the year ended July 31, 2014.

A summary of the Company's outstanding share purchase warrants at January 31, 2015 and July 31, 2014 and the changes during the period then ended is presented below:

	Number of warrants	Weighted average exercise price
Outstanding at July 31, 2013	4,505,000	\$ 0.35
Warrants exercised	(4,505,000)	0.35
Outstanding at July 31, 2014	-	-
Warrants issued	557,135	0.30
Outstanding at January 31, 2015	557,135	\$ 0.30

A summary of the Company's outstanding options at January 31, 2015 is as follows:

Number Outstanding	Weighted Average Price	Weighted Average Life
557,135	\$0.30	1.37

c) Dividend Paid and Declared

During the period ended January 31, 2015, the Board of Directors declared the first annual dividend in the Company's history. A dividend of \$0.02 per share (total of \$2,922) was paid on the common shares of the Company on September 30, 2014 to shareholders of record.

d) Share-based Payments

The Company, in accordance with the policies of the TSX, was previously authorized to grant options to directors, officers, and employees to acquire up to 20% of the amount of common stock outstanding. Options could be granted for a maximum term of 5 years. Optioned shares will vest and may be exercised in accordance with the vesting provisions set out as follows:

Starcore International Mines Ltd.
Notes to the Condensed Interim Consolidated Financial Statements
(in thousands of Canadian dollars unless otherwise stated) – (Unaudited)

January 31, 2015

12. Share Capital – (cont'd)

d) Share-based Payments – cont'd

- (a) 1/3 of the options granted will vest six months after the grant date;
- (b) A further 1/3 of the options granted will vest twelve months after the grant date; and
- (c) The remaining 1/3 of the options granted will vest eighteen months after the grant date.

In January, 2014, the Company's shareholders voted to cancel the Company's stock option plan and, as a result, the Company's Board of Directors may not grant further options. The Company's management and directors are reviewing alternative compensation arrangements for the Company's employees and directors.

A summary of the Company's outstanding options at January 31, 2015 and July 31, 2014 and the changes during the period then ended is presented below:

	Number of Shares	Weighted Average Exercise Price
Balance at July 31, 2013	13,180,000	\$0.23
Granted	5,645,000	\$0.22
Exercised	(125,000)	\$0.15
Forfeited/expired	(100,000)	\$0.15
Balance at July 31, 2014	18,600,000	\$0.23
Exercised	(2,575,000)	\$0.15
Forfeited/expired	(4,240,000)	\$0.16
Balance, January 31, 2015	11,785,000	\$0.26
Exercisable at January 31, 2015	9,903,333	\$0.27

A summary of the Company's outstanding options at January 31, 2015 is as follows:

Number Outstanding	Weighted Average Price	Weighted Average Life
400,000	\$0.15	0.15
150,000	\$0.15	1.26
400,000	\$0.20	1.96
1,940,000	\$0.25	1.99
3,250,000	\$0.37	2.20
800,000	\$0.25	3.56
275,000	\$0.20	3.56
200,000	\$0.23	3.60
200,000	\$0.25	3.61
4,170,000	\$0.22	3.96
11,785,000	\$0.26	2.87

Starcore International Mines Ltd.
Notes to the Condensed Interim Consolidated Financial Statements
(in thousands of Canadian dollars unless otherwise stated) – (Unaudited)

January 31, 2015

12. Share Capital – (cont'd)

d) Share-based Payments – (cont'd)

During the period ended January 31, 2015, the Company had share-based compensation expense of \$111 (January 31, 2014: \$142), which has been recorded in the statement of comprehensive income and credited to equity reserve. These amounts have been expensed as follows:

For the period ended January 31,	2015		2014	
Cost of Sales – Mined ore	\$	13	\$	16
Management fees and salaries		92		106
Office and administration		6		20
	\$	111	\$	142

13. Financial Instruments

All significant financial assets, financial liabilities and equity instruments of the Company are either recognized or disclosed in the consolidated financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk. Cash and short-term investments are carried at their fair value. There are no other material differences between the carrying values and the fair values of any financial assets or liabilities.

In the normal course of business, the Company's assets, liabilities and future transactions are impacted by various market risks, including currency risks associated with inventory, revenues, cost of sales, capital expenditures, interest earned on cash and the interest rate risk associated with floating rate debt.

Currency Risk

Currency risk is the risk to the Company's earnings that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. At January 31, 2015, the Company had the following financial assets and liabilities denominated in Canadian dollars (CDN) and denominated in Mexican Pesos (MP):

In '000 of	CDN Dollars		Mexican Pesos (MP)	
Cash & Cash Equivalents	\$	128	MP	1,023
Other working capital amounts - net	\$	358	MP	55,476

At January 31, 2015, US dollar amounts were converted at a rate of \$1.27 Canadian dollars to \$1 US dollar and Mexican Pesos were converted at a rate of MP15.01 to \$1 US Dollar. A 10% increase or decrease in the US dollar exchange may increase or decrease annual earnings from mining operations by approximately \$146. A 10% increase or decrease in the MP exchange rate will decrease or increase annual earnings from mining operations by approximately \$78.

Interest Rate Risk

The Company's cash earns interest at variable interest rates. While fluctuations in market rates do not have a material impact on the fair value of the Company's cash flows, future cash flows may be affected by interest rate fluctuations. The Company is not significantly exposed to interest rate fluctuations and interest rate risk consists of two components:

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13. Financial Instruments – (cont'd)

- (i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
- (ii) To the extent that changes in prevailing market interest rates differ from the interest rates in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk with respect to its cash and short-term investments, the balance of which at January 31, 2015 is \$3,165 (July 31, 2014 - \$5,454) and \$4,581 (July 31, 2014 - \$4,324), respectively. Cash of \$2,228 (July 31, 2014 - \$151) and short-term investments of \$Nil (July 31, 2014 - \$400) are held at a Mexican financial institution, the remainder of \$937 (July 31, 2014 - \$5,303) and the short-term investment of \$4,581 (July 31, 2014 - \$3,924) are held at a chartered Canadian financial institution; the Company is exposed to the risks of those financial institutions.

Liquidity Risk

Liquidity risk arises from the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements. The Company accomplishes this by achieving profitable operations and maintaining sufficient cash reserves. As at January 31, 2015, the Company was holding cash of \$3,165 (July 31, 2014 - \$5,454) and short-term investments of \$4,581 (July 31, 2014 - \$4,324).

Obligations due within twelve months of January 31,	2015	2016	2017	2018	2019 and beyond
Trade and other payables	\$ 2,402	\$ -	\$ -	\$ -	\$ -
Reclamation and closure obligations	-	-	-	-	1,681

The Company's trade and other payables are due in the short term. Long-term obligations include the Company's reclamation and closure cost obligations, other long-term liabilities and deferred income taxes. Management believes that profits generated from the mine will be sufficient to meet its financial obligations.

14. Commitments

Except as disclosed elsewhere in these consolidated financial statements, the Company has the following commitments outstanding at January 31, 2015:

- a) As at January 31, 2015, the Company has shared lease commitments for office space of approximately \$160 per year, expiring at various dates up to September 2017, which includes minimum lease payments and estimated taxes, but excluded operating costs, taxes and utilities, to expiry.
- b) As at January 31, 2015, the Company has a land lease agreement commitments with respect to the land at the mine site, for \$132 per year until December 2017.
- c) As at January 31, 2015, the Company has management contracts to officers and directors totaling \$600 per year, payable monthly, expiring in January 2017.

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15. Capital Disclosures

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Company considers the items included in the consolidated statements of changes in equity as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, sell assets to reduce debt or return capital to shareholders. The Company is not subject to externally imposed capital requirements.

16. Segmented Information

During the period ended January 31, 2015, 100% of the Company's reportable sales were to a third party. The balance owing from these customers on January 31, 2015 was \$Nil (July 31, 2014 - \$351). The Company operates in two reportable geographical and one operating segment. Selected financial information by geographical segment is as follows:

	Mexico		Canada		January 31, 2015	
					Total	
Revenue	\$	14,812	\$		\$	14,812
Earnings (loss) for the period		1,467		(713)		754
Mining interest, plant and equipment		50,347		130		50,477
Total assets		65,022		5,299		70,321

	Mexico		Canada		January 31, 2014	
					Total	
Revenue	\$	17,127	\$	-	\$	17,127
Earnings (loss for the period)		5,572		(1,676)		3,896

	Mexico		Canada		July 31, 2014	
					Total	
Revenue	\$	33,136	\$	-	\$	33,136
Earnings (loss) for the year		5,859		(2,894)		2,965
Mining interest, plant and equipment		44,429		59		44,488
Total assets		59,020		6,074		65,094

17. Earnings per Share

The Company calculates the basic and diluted income (loss) per common share using the weighted average number of common shares outstanding during each period and the diluted income (loss) per share assumes that the outstanding vested stock options and share purchase warrants had been exercised at the beginning of the year.

The denominator for the calculation of loss per share, being the weighted average number of common shares, is calculated as follows:

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17. Earnings per Share – cont'd

	For the three months ended		For the six months ended	
	January 31,		January 31,	
	2015	2014	2015	2014
Issued common share, beginning of period,	146,090,465	143,390,465	143,515,465	143,390,465
Weighted average issuances	3,883,036	-	4,143,828	-
Basic weighted average common shares	149,973,501	143,390,465	147,659,293	143,390,465
Effect of dilutive warrants and options	-	8,185,000	-	8,185,000
Diluted weighted average common shares	149,973,501	151,575,465	147,659,293	151,575,465

Vested share purchase options totalling 9,903,333 and unvested share purchase options outstanding of 1,881,667 at January 31, 2015, were not included in the computation of diluted earnings per share.

18. Subsequent Events

On January 23, 2015, the Company announced that it had entered into an agreement to acquire all of the shares of Creston Moly Corp. (“Creston” or “Creston Moly”) from Deloitte Restructuring Inc, in its capacity as trustee in bankruptcy of Mercator Minerals Ltd. (the “Trustee”), at a purchase price of CDN \$2 Million (the “Transaction”).

On February 19, 2015, the Company closed the transaction to acquire all of the shares of Creston Moly from Deloitte Restructuring Inc.

The Supreme Court of Canada discharged Creston Moly from bankruptcy which was formerly a wholly-owned subsidiary of Mercator Minerals, who acquired Creston Moly in 2011 in a cash-and-shares deal valuing Creston Moly at approximately Cdn\$194 million. Creston Moly is a British Columbia company that owns, through its subsidiaries, a 100% interest in three molybdenum-copper projects:

- The El Creston Project in Sonora, Mexico;
- The Ajax Project in British Columbia; and
- The Molybrook Project in Newfoundland.

The El Creston molybdenum property is located in the State of Sonora, Mexico, 145 kilometers northeast of the city of Hermosillo. A Preliminary Economic Assessment was prepared on this property indicating that the property is viable based on initial capital cost of US\$655.9million with payback of 4 years, based on metal prices of \$15/lb Mo and \$2.60/lb Cu.

Ajax Molybdenum Property is comprised of 11,718 hectares and is located 13 km north of Alice Arm, British Columbia. The Ajax Property, occupies a surface area of approximately 600 by 650 meters and is in the advanced stage of exploration

Molybrook molybdenum property is located on the south coast of Newfoundland. To date, almost all exploration has been completed on the Molybrook Zone where a large porphyry molybdenum deposit has been outlined.