STARCORE INTERNATIONAL MINES LTD.

TSX : SAM

Reinvesting in Mexico to Grow Sustainably and Responsibly

starcore.com • 1-866-602-4935 • investor@starcore.com

STARCORE
INTERNATIONAL
MINES LTD.

STARCORE + MEXICO

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Our Mission

To remain a leader in the Mexican mining community by combining an unwavering commitment to social and environmental stewardship, with a proven and mineral production and exploration model in order to build a strong platform of growth.

Our Values

Act with Integrity
We are committed to being honest and straightforward and accountable in all our business practices

Engage Openly
We believe that clear, comprehensive disclosure, high standards of corporate governance and ethical business practices are the only ways to do business.

Operate Safely
People come first. We implement industry best practices, adhere to all safety regulations and have strict management systems in place to promote a culture of safety wherever we operate.

Enrich Lives
We aim to create real, lasting and tangible benefits for the people whose lives our operations touch.

Behave Responsibly
We strive to demonstrate that mining can be done responsibly. We do this by emphasizing environmental stewardship at every stage of the project life cycle.

Quality & Innovation
Whenever possible, we go beyond what's merely expected of us to achieve something better. We are problem solvers: building on the practices of the past, anticipating and embracing the challenges of the future and applying existing technologies in new ways to get the most out of our resources

Shareholders
Our shareholders are the foundation of our financial stability and strength. We actively seek opportunities in our work to improve and enhance shareholder return and value.

Letter From Our CEO

A view from the c-suite

I have always kept in mind the need to **recognize shareholders and the value and support they bring to Starcore.**

Dear Shareholders,

We have experienced some of the biggest challenges in 2018 as a company, and most certainly, some of the toughest challenges that I have faced as your CEO. Nonetheless, I am pleased with the current progress and turnaround in operations that have led to a new 43-101 report and ultimately, additional reserves and resources to increase the mine life at San Martin. This clearly demonstrates the outstanding capabilities of the new operating team and the hard work they put in to get us back on track.

As a shareholder and leader of the company, I have always kept in mind the need to recognize share-holders and the value and support they bring to Starcore. In the past, we have remained steadfast in our vision to deliver shareholder value, including declaring dividends when possible, and being as transparent and open when possible. I am happy to share with you that we are now able to look forward and consider new projects that are synergistic with our finances and capabilities.

I am happy to share with you that we are now able to look forward and consider **new projects that are synergistic with our finances and capabilities.**

The acquisition of the San Martin mine in 2007 was made for the following reasons:

- **Cash flow from production**
- **Turn key operation**
- **Location of the mine**
- **Geological potential**

11 years later, San Martin is still geologically open to discovery and we own the mineral rights to 12,992 Hectares 10 x 13 km. (If we searched today, land packages such as this are virtually unheard of, or in the very least, are very rare)

Although not reflected in our market cap, all of the reasons for acquiring San Martin are still true today. Perseverance and of course, an increase in the price of gold, will trigger better days for share-holders. I urge shareholders to review the corporate video and see the mine up close.

Production, exploration, cash management, acquisitions are our keys to success for the future and shareholder value. Thank you for your continued support.

Sincere regards,

Robert Eadie
Chief Executive Officer, Director

Letter From Our CFO

A view from the c-suite

This has been one of the most challenging years for Starcore since acquiring the San Martin mine in 2007. **Time to focus on the basics.**

We experienced the lowest overall ore grades and production in the first 3 quarters than we have seen in our history of owning the mine. As a result, and combined with the cash needs of our Altiplano operations, our cash was severely depleted from over $9.5million at April 2017 to $2.3million at year end 2018. Our turn around of the operating results occurred in the fourth quarter thanks in large part to the changes implemented by our new COO, Ing. Salvador Garcia, whereby we were able to develop new ore zones and increase our production tonnage, grade and metal production.

In response to our cash situation, we made a number of decisions. The first was to curtail all non-essential activities such as exploration of our US, Canadian and Mexican properties outside of San Martin. We also began to market for sale assets that had value outside of our core business, including the Molybdenum deposit assets of El Creston, Ajax and Molybrook, the Sierra Rosario property in Mexico and the non-operational mining equipment assets such as the CIL plant at San Martin. Finally, we secured a $3million loan subsequent to year end as a safeguard.

We also continued to experience the growing pains of starting up the Altiplano operations, which, by the fourth quarter, began to show a modest profit from operations as we were able to attract a more consistent supply of gold and silver concentrate from nearby mining operations which exceeded our breakeven levels. Our success in attracting more concentrate also drew upon our cash resources by almost $1.5million for additional inventory and goods in transit which compounded our cash need during the last quarter.

Finally, we are actively seeking joint venture partners for our exploration properties in the United States and Mexico so as to continue our exploration of these properties without using our own cash resources.

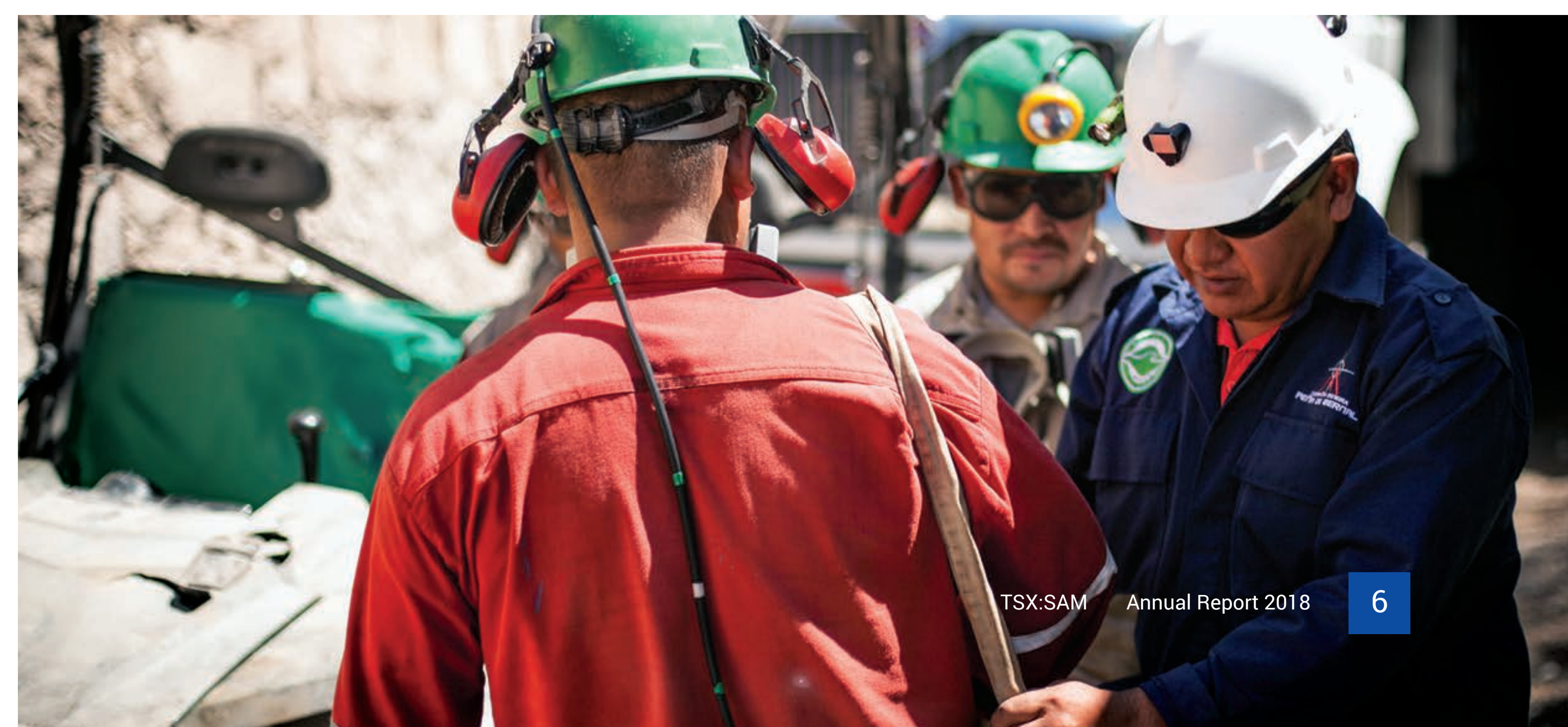
Overall the Company reported a significant loss of $12million, or $0.24 per share, and EBITDA of negative $5.2million, which excludes the $6.7million impairment charge and $1million loss on sale of exploration assets. Despite the significantly increased resource reported subsequent to year end of 267,306 AuEq ounces and tonnage representing approximately 10 more years of mine life, management took a conservative view to future production and metal prices in determining net future value of the San Martin mine to be approximately $35million, resulting in an impairment charge of $6.7million to the Consolidated Statements of Operations and Comprehensive Loss.

We continued to monitor costs and improve efficiency at the mine and we were able again to take advantage of the weaker Mexican peso to keep costs at US$61 per tonne.

Despite our low cost per tonne, however, our AISC increased significantly to US$1,782 per ounce due entirely to the low ore grades and ore processing tonnage resulting in significantly reduced metal production of 13,200 AuEq ounces, compared to 15,200 AuEq ounces in 2017. This is further illustrated by the loss from operations of $4.9million in fiscal 2018.

This next year we will be focused on improving the results from our key operations of mining and drawing our resources away from non-essential activities. We expect to take advantage of our newly discovered resources at San Martin to more efficiently mine and improve production and return to positive cash flow.

Gary Arca
Chief Financial Officer



Letter From Our COO

A view from the c-suite

A mine with few reserves. A team decimated by the difficulty of finding new ore. An absence of operational leadership. **We needed to change.**

Dear Shareholders,

A year ago, I joined Starcore and was faced with a mine with few reserves, a team struggling to find new ore and the need for operational leadership at the San Martin mine that supported a more positive attitude of the workers. There was a clear need for a change in focus to planning properly to maintain production and increase reserves.

After a month of meeting and strategy sessions to change the attitude of the employees, I came up with various solutions to the then current work environment. These changes included changing the working schedule so that the processing plant continued to operate on Sundays, a series of negotiations with the national and local unions in which we reached an agreement promptly in October 2017 and the change of shift work from 5 days on 2 days off to 10 days on, 4 days off. In addition, key operational management changes needed to take place. We replaced the general manager and superintendent of the mine and added a rock mechanic engineer. These efforts were key to changing the attitude and energy at the mine.

One of the most important programs that we created in the organizational restructuring at the mine was an **operational excellence program.**

This took place in the mine and at the plant to optimize processes and give theoretical/practical training to employees. We started with the improvement of ventilation in the mine to improve working conditions. Then we moved to improve processes both human and material. We improved things such as explosives, changed to steel drilling bits and more closely examined our reagents(cyanide). At the plant, we researched the parameters of grinding and crushing our ore to finer particles and increasing the cyanide per tonne. This has resulted in a 16% silver recovery increase from 50 to 66% and a 10% increase in gold recovery from 80 to 90% which therefore increased production to about 1400 Eq Au Ounces per month from 1000 Eq Au Ounces last year.

16%
Silver Recovery Increase

10%
Gold Recovery Increase

40%
EqAu Oz Increase

I still have many opportunities and areas to improve this company and I'm happy that it's complimented by a great attitude from our team. I am proud that as a company we are testing our ability to do big things and start the next challenge that will ultimately help the speed of growth in this fantastic company that Starcore is.

Salvador Garcia
Chief Operational Officer, Director

Vivero

Starcore International Mines Ltd. is committed to the preservation of biodiversity for current and future generations.

Our objective is to achieve the highest standards in protecting the environment, achieving sustainable development in our operations, with our employees and community.

Our commitment is to produce an eco-efficient system that can achieve continuous improvement by:

- The incorporation of environmentally friendly technologies into operations.
- Promoting leadership attitudes among workers and employees in favor of the environment.
- The constant search for opportunities to reduce environmental impacts and the use of natural resources.
- Fulfill corporate objectives within the parameters established by the NOM'S.

As part of our efforts to leave the environment the way we found it, we produce various species of plants that are native to the local area. These plants and cacti are revegetated once a year, typically in the summer, and are placed along our dry tailings stack and other areas affected by operations. In addition, we produce vegetables that help feed our workers daily and resell the excess food at cost to the local community.

Here is a summary of the 2018 green production profile:

Lettuce	Tomato	Chile	Chard	Cabbage	Cucumber
475 pieces	385 pieces	475 pieces	385 kg	475 pieces	385 kg

Our nursery is home to many different species of native plants of the surrounding area. Here is our inventory before reforestation efforts in 2018:

Acacia farnesiana *(Huizache)* - 500 pieces
Acacia schaffneri *(Huizache chino)* - 618 pieces
Agave sp. *(Maguey)* - 507 pieces
Bursera fagaroides *(Palo xixote)* - 358 pieces
Celtis pallida *(Granjeno)* - 2213 pieces
Dodonaea viscosa *(Olivo)* - 772 pieces
Erythrina coralloides *(Patol)* - 1815 pieces
Eysenhardtia polystachya *(Palo dulce)* - 1375 pieces
Forestiera phillyreoides *(Acebuche)* - 2372 pieces
Ipomoea murucoides *(Palo bobo)* - 1396
Karwinskia humboldtiana *(Capulin)* - 775 pieces
Lysiloma microphyllum *(Tepehuaje)* - 144 pieces
Mimmosa biuncifera *(Uña de gato)* - 36 pieces
Myrtillocactus geometrizans *(Garambullo)* - 263
Opuntia imbricata *(Cardón)* - 55 pieces
Prosopis Laevigata *(Mezquite)* - 412 pieces
Tecoma stans *(San Pedro)* - 2994 pieces
Zaluzania augusta *(Castinini, tronadora)* - 1521 pieces
Verbesima serrata *(Vara blanca)* - 1319
Senecio salignus *(Jara)* - 1127 pieces
Cylindropuntia imbricata *(Cardon)* - 55 pieces
Pasto - 2307

GREEN

A Closer Look At Improving Mine Operations

The past 18-24 months have been difficult at the San Martin mine. So how does an operational team go about improving operations?

At the San Martin mine, which is heavily faulted, a difficult mine to operate, we applied some improvement programs which have already given visible results.

We Have Improved Controlled Blasting/ Dynamite Use

We believe in long term partnerships that extend not only to investors and stakeholders but through our whole supply chain. When our explosives vendor wasn't willing to provide us with additional expertise, we changed suppliers and with that gained valuable help. The result? We are now using a low-density explosive made from Austin Powder. The low-density powder reduces the power of the explosion which in turn reduces the blasted area and the need for extended excavation. With less tonnage to move, a smaller area of blasted rock, our miners are able to access the zone quicker and in a safer manner.

Operational Excellence Programs

Our focus on operational excellence programs extended from mine and operational activities to staff training and work culture programs. We started by increasing productivity underground, by changing general labourers with mine engineers who can stay on top of work spreadsheets, and daily reports. This allowed for deeper insights into the shift work underground on the many working faces and added a pinch of responsibility for those working under supervisors. On the machine front, we improved time and movement records; tracking scoop and jumbo operators, as well as supervisors that improved processes and minimized slow downs from fueling to machine maintenance underground. We also led theory/practice programs for machine operators which allowed us to correct any bad habits or inefficient tendencies.

Improved Work Culture

Work culture is one of the most important factors of any team, not only in mining. We now run daily morning and end of day meetings where each department has a valued opinion and ideas are exchanged. At Lunch, workers are encouraged to share what's happening in their department and how they are improving the scenario, having difficulties or if someone else can help with the problem. These small changes have seen a massive uplift in culture and worker happiness across the board.

Structural Engineer and Change in Mining Methods

One of the biggest additions to our team has been our structural engineer expert. He has helped us adopt better practices, reduced shotcrete use and helped us introduce a new mining method of room and pillar mining. More about our new mining methods can be found in our newly filed 43-101 report or on the San Martin section of our website at www.starcore.com.

Change to Bulk Sampling

Sampling is a critical component throughout the mine value chain including the sampling of in-situ and broken for resource and grade control. Errors can result in both monetary and intangible losses. We switched from chip samples to bulk sampling where 2kg sample bags are filled every 2 meters along the exploration drift to improve the sample sizes and data collected. This helps with quality control/assurance which makes the estimation process less challenging and more accurate.

EXCELLENCE

San Martin Reserves and Resources

The San Martin mine has been the little red engine that could, and the cornerstone asset of the company.

We are pleased with the recent release of our 43-101 and continued production profile it offers our shareholders and the community at the mine. For the first time in the company's history, we have extended mine life beyond three years of proven and probable reserves based on our current annual budgeted production of approximately 300,000 tonnes. The operational excellence programs, planning and development and addition of key personnel made this possible.

Category	Tonnes	Gold Au g/t	Silver Au g/t	Total Contained Oz AuEq Oz
Total Proven and Probable	1,651,318	2.11	33	154,382
Total Inferred + Indicated	1,493,812	1.94	25	112,924
Total Ounces Contained				**267,306**

Inferred Mineral Resources are not known to the same degree of certainty as Mineral Reserves and do not have demonstrated economic viability. An 81:1 silver to gold equivalency ratio was used to calculate gold equivalent ounces. Erme Enriquez C.P.G., BSc, MSc., is an independent consultant to the Company. He is a qualified person on the project as required under NI 43-101 and has prepared the technical information contained in these estimates and has been reviewed by Salvador Garcia, P. Eng., and COO of the Company.

The assumptions used to arrive at this mineral resource varies slightly from previous rules defined many years ago. In recent years, with the involvement of different and newly added professionals to the mine site, these mining methodologies were changed due to:

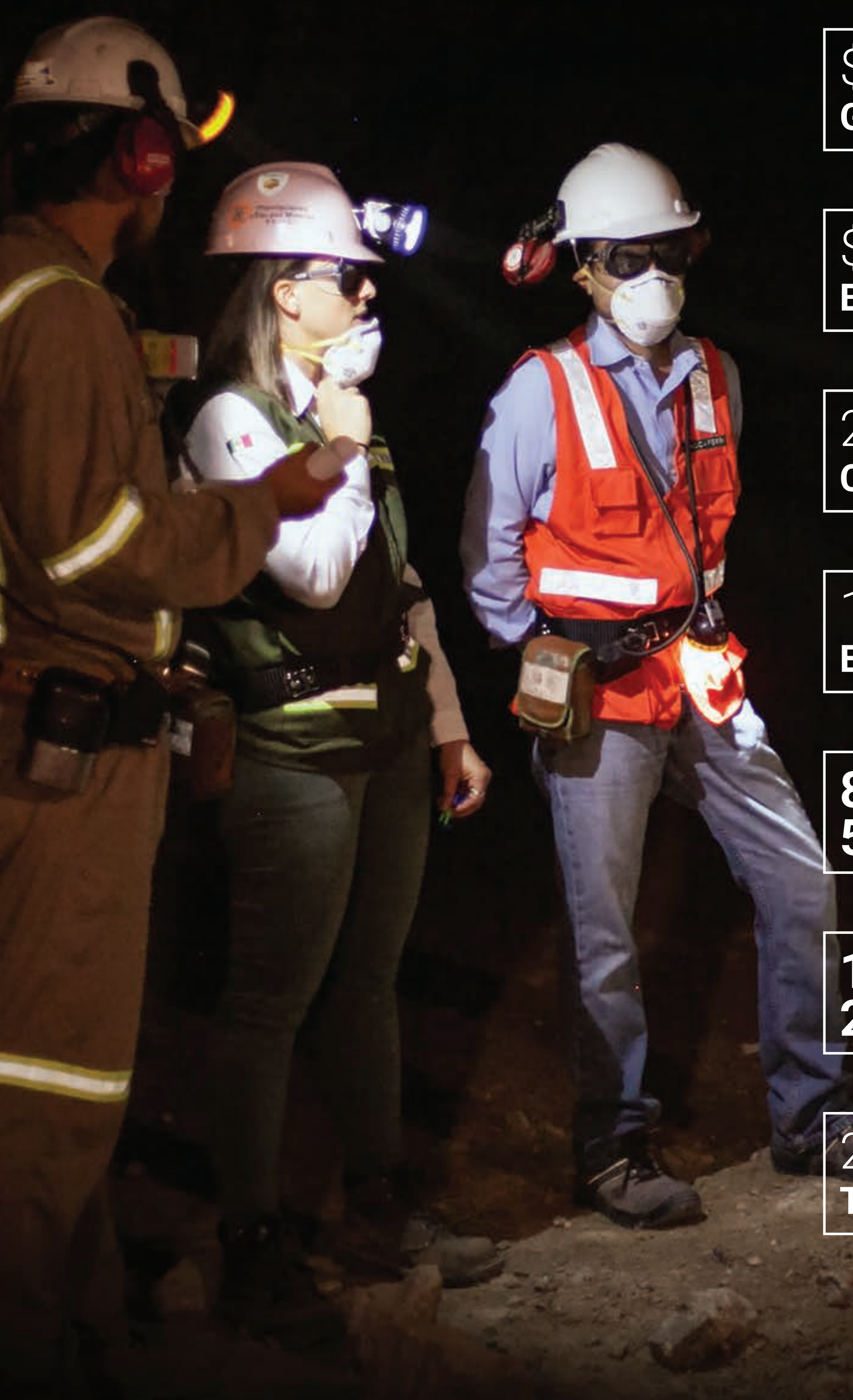
1. A greater percentage of production coming from narrow to wide steeply dipping vein structures.
2. Sub-horizontal Mantos mineralized structures that were somewhat narrower than historical Mantos.
3. Reopening and development of the footwall mineralization in old stopes where lower grade mineralization was not mined during times of lower gold prices.

Based on the above mining changes have been modified to improve tonnage and grade estimation. These are:

1. Reserve cut-off grades are based on a 1.66 g/t gold equivalent.
2. Metallurgical Recoveries were 88% gold and 55% silver.
3. Minimum mining widths were 1.5 meters.
4. Dilution factors are 20%.
5. Gold equivalents are based on a 1:81 gold:silver ratio.
6. Price assumptions are $1300 per ounce for gold and $16 per ounce for silver.
7. Mineral resources are estimated exclusive of and in addition to mineral reserves.

By the Numbers

In Canadian Dollars



$9.5 Million
Current Assets

$27.8 Million
Gold & Silver Sales

$3 Million CAD
Bond Offering Completed

267,306 Total Ounces
Contained in 2018 43-101 Report

13,189 Ounces
Equivalent Gold Production

84.5% Gold Recovery
55.2% Silver Recovery

1.62 Average Gold Grade
21.3 Average Silver Grade

269.6
Thousands of Tonnes Milled

Why Mexico?

The world's top silver producer, accounting for 20.74% of global production

Mexico has the most extensive network of free trade agreements

Mexico is the world's 8th largest producer of gold

Mexico has young and highly qualified human capital

It is the 3rd largest mining investment destination in Latin America, and the 7th in the world

Mexico grants security and legal protection to foreign investors through the Agreements for the Promotion and Reciprocal Protection for investments

Mexico has a network of 32 Foreign Investment Promotion and Protection Agreements

Mexico has a first level logistics infrastructure with 117 maritime ports, more than 370 thousand kilometers of road networks, 66 railway terminals linked by more than 27 thousand kilometers of roads

MANAGEMENT DISCUSSION & ANALYSIS
For the year ended April 30, 2018

Directors and Officers as at July 27, 2018:

Directors:

Gary Arca
Robert Eadie
Jordan Estra
Salvador Garcia
Tanya Lutzke
Cory Kent
Ken Sumanik
Federico Villaseñor

Officers:

Executive Chairman, Chief Executive Officer & President – Robert Eadie
Chief Operating Officer - Salvador Garcia
Chief Financial Officer – Gary Arca
Corporate Secretary – Cory Kent

Contact Name:	Gary Arca
Contact e-mail address:	garca@starcore.com
TSX Symbol:	SAM

Form 51-102-F1

STARCORE INTERNATIONAL MINES LTD.

MANAGEMENT DISCUSSION & ANALYSIS

For the year ended April 30, 2018

1. Date of This Report

This MD&A is prepared as of July 27, 2018.

This Management Discussion and Analysis ("MD&A") should be read in conjunction with the audited consolidated financial statements of Starcore International Mines Ltd. ("Starcore", or the "Company") for the year ended April 30, 2018.

Monetary amounts throughout this MD&A are shown in thousands of Canadian dollars, unless otherwise stated.

This MD&A includes certain statements that may be deemed "forward-looking statements". Such statements and information include without limitation: statements regarding timing and amounts of capital expenditures and other assumptions; estimates of future reserves, resources, mineral production and sales; estimates of mine life; estimates of future mining costs, cash costs, minesite costs, Altiplano plant costs and other expenses; estimates of future capital expenditures and other cash needs, and expectations as to the funding thereof; statements and information as to the projected development of certain ore deposits, including estimates of exploration, development and production and other capital costs, and estimates of the timing of such exploration, development and production or decisions with respect to such exploration, development and production; estimates of reserves and resources, and statements and information regarding anticipated future exploration; the anticipated timing of events with respect to the Company's minesite and; statements and information regarding the sufficiency of the Company's cash resources. Such statements and information reflect the Company's views as at the date of this document and are subject to certain risks, uncertainties and assumptions, and undue reliance should not be placed on such statements and information. Many factors, known and unknown could cause the actual results to be materially different from those expressed or implied by such forward looking statements and information. Such risks include, but are not limited to: the volatility of prices of gold and other metals; uncertainty of mineral reserves, mineral resources, mineral grades and mineral recovery estimates; uncertainty of future production, capital expenditures, and other costs; currency fluctuations; financing of additional capital requirements; cost of exploration and development programs; mining risks, risks associated with foreign operations; risks related to title issues; governmental and environmental regulation; and the volatility of the Company's stock price. Investors are cautioned that any such statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in the forward-looking statements.

2. Overall Performance

Description of Business

Starcore is engaged in exploring, extracting and processing gold and silver through its wholly-owned subsidiaries, Compañia Minera Peña de Bernal, S.A. de C.V. ("Bernal"), which owns the San Martin mine in Queretaro, Mexico and Altiplano GoldSilver S.A. de C.V ("Altiplano"), which owns the gold and silver processing plant in Matehuala, Mexico. The Company is a public reporting issuer on the Toronto Stock Exchange ("TSX"). The Company is also engaged in acquiring mining related operating assets and exploration assets in North America directly and through corporate acquisitions. The Company has interests in properties which are exclusively located in Mexico, USA and Canada.

Financial Highlights for the year ended April 30, 2018 and April 30, 2017:

- Cash and short-term investments on hand is $2.3 million at April 30, 2018 compared to $9.6 million at April 30, 2017;
- Gold and silver sales of $27.8 million for the year ended April 30, 2018 compared to $27.2 million for the prior year ended April 30, 2017;
- Net loss of $12.0 million for the year ended April 30, 2018 compared to net profit of $7.2 million for the prior year ended April 30, 2017 which includes an impairment charge of Mining Interest, Plant and Equipment of $6,713;
- Equivalent gold production of 13,189 ounces in twelve months ended April 30, 2018 compared to production of 15,159 ounces for the prior year ended April 30, 2017;
- Mine operating cash cost is US$1,237/EqOz for the year ended April 30, 2018 compared to cost of US$969/EqOz for the prior year ended April 30, 2017;
- All-in sustaining costs of US$1,782/EqOz for the year ended April 30, 2018 compared to costs of US$1,112/EqOz for the prior year ended April 30, 2017;
- EBITDA(1) of $(5,223) for the year ended April 30, 2018 compared to $3,487 for the prior year ended April 30, 2017.

Reconciliation of Net loss to EBITDA

For the twelve months ended April 30,		**2018**		2017
Net loss	**$**	**(12,000)**	$	7,222
Loss on disposal of E&E Asset		**1,013**		-
Impairment of Mining Interest, plant and equipment		**6,713**		-
Sale of San Pedrito		**-**		(7,128)
Income tax recovery		**(5,945)**		(2,861)
Interest		**83**		626
Depreciation and depletion		**4,913**		5,628
EBITDA	**$**	**(5,223)**	$	3,487
EBITDA MARGIN(2)		**(18.8%)**		12.8%

(1) EBITDA ("Earnings before Interest, Taxes, Depreciation and Amortization") is a non-GAAP financial performance measure with no standard definition under IFRS. It is therefore possible that this measure could not be comparable with a similar measure of another Corporation. The Corporation uses this non-GAAP measure which can also be helpful to investors as it provides a result which can be compared with the Corporation market share price.

(2) EBITDA MARGIN is a measurement of a company's operating profitability calculated as EBITDA divided by total revenue. EBITDA MARGIN is a non-GAAP financial performance measure with no standard definition under IFRS. It is therefore possible that this measure could not be comparable with a similar measure of another Corporation. The Corporation uses this non-GAAP measure which can also be helpful to investors as it provides a result which can be compared with the Corporation market share price.

Recent News

Updated 43-101 Report on the San Martin Mine with Renewed Reserves and Resources of 267,306 AuEq Ounces

On July 18, 2018, the Company announced that it completed an updated Technical Report in accordance with National Instrument 43-101 ("NI 43-101") on its San Martin Gold mine in Querétaro, Mexico. The report has been filed on SEDAR and is also available on the company's website www.starcore.com . The highlights from the Technical Report are below:

Starcore International Mines, San Martin Mine Mineral Reserves and Resources

As of April 30,2018

Category	Tonnes	Grade		Total Contained Oz
		Au g/t	Ag g/t	AuEq Oz
Total Proven and Probable	1,651,318	2.11	33	154,382
Total Inferred + Indicated	1,493,812	1.94	25	112,924
Total Ounces Contained				267,306

The total Mineral Reserves and Resources is 3,145,130 tonnes. Currently, budgeted mine production is approximately 300,000 tonnes per year.

The assumptions used to arrive at this mineral resource vary slightly from previous rules defined many years ago. In recent years, with the involvement of different and newly added professionals to the mine site operations, mining exploitation systems were changed due to:

1. A greater percentage of production coming from narrow to wide steeply dipping vein structures;
2. Sub-horizontal Mantos mineralized structures that were somewhat narrower than historical Mantos; and
3. Reopening and increasing the development of the footwall mineralization in old stopes where lower grade mineralization was not mined during times of lower gold and silver prices.

Assumptions in making the reserve estimates are as follows:

1. Reserve cut-off grades are based on a 1.66 g/t gold equivalent.
2. Metallurgical Recoveries of 88% gold and 55% silver.
3. Minimum mining widths of 1.5 meters.
4. Dilution factor of 20%.
5. Gold equivalents based on a 1:81 gold:silver ratio.
6. Price assumptions of $1300 per ounce for gold and $16 per ounce for silver.
7. Mineral resources are estimated exclusive of and in addition to mineral reserves.

Mr. Salvador Garcia, P. Eng., stated "Many positive developments over the past year at San Martin are coming to fruition. Our planning and development, coupled with a focus on operational excellence, have opened new zones like Cuerpo 28 and San Jose 2. Our team has done an excellent job through the process and we look forward to continually transferring resources to reserves and finding new structures."

Erme Enriquez C.P.G., BSc, MSc., is an independent consultant to the Company. He is a qualified person on the project as required under NI 43-101 and has prepared the technical information contained in this press release.

Debt issuance

On June 18, 2018, the Company completed a private placement of secured bonds in the aggregate principal amount of $3,000 (the "Bonds"). The Bonds bear interest at 8% per annum, payable on maturity, and mature on June 18, 2020. The Bonds are secured by a charge over all of the Company's and its subsidiaries assets.

Following conditional acceptance from the Toronto Stock Exchange, the Company issued 3,000,000 warrants to the bond holders, each warrant entitling the bond holders to acquire one share of Starcore at a price of $0.20, expiring on June 18, 2021.

The Bonds were sold pursuant to exemptions from the prospectus requirement of Canadian securities legislation and are subject to a statutory four month hold period expiring October 19, 2018.

Santa Fe Project

On June 11, 2018, the Company announced that it had completed its due diligence and review of the Santa Fe Project in Sinaloa, Mexico and would not be proceeding with the proposed acquisition, as per the Letter of Intent entered into in November, 2017 (see press releases of November 21, 2017, January 11, 2018 and March 26, 2018).

The Company has given notice to the property owners of its disengagement from the project and Starcore has no further obligations on Santa Fe.

Toiyabe Gold Project

On May 22, 2018, the Company announced that it had filed an updated National Instrument 43-101 ("NI 43-101") Technical Report for the Toiyabe Gold Project in Lander County, Nevada.

Highlights from the Technical Report include:

- Summary results from three drilling programs completed since the last report (2009, 2010, 2016)
- In all three drilling campaigns since the 2009 report and resource estimate, the near-surface 'Courtney' resource was expanded and enhanced.
- Drilling since the previous report has focused largely on structurally controlled, deeper and higher-grade mineralization not included in the 2009 resource estimate.
- Wider spread drilling, outside known resource areas has allowed a better understanding of the structural setting of the project.

3. Selected Annual Information

The highlights of financial data for the Company for the three most recently completed financial years are as follows:

		Twelve months ended April 30, 2018		Twelve months ended April 30, 2017		Nine months ended April 30, 2016
Revenues	**$**	**27,807**	$	27,228	$	20,326
Cost of Sales		**(32,735)**		(26,402)		(18,807)
Earnings from mining operations		**(4,928)**		826		1,519
Sale of San Pedrito		**-**		7,128		-
Administrative Expenses		**(5,291)**		(3,593)		(3,963)
Impairment of Mining Interest, plant and equipment		**(6,713)**		-		-
Loss on disposal of E&E asset		**(1,013)**		-		-
Income tax recovery		**5,945**		2,861		2,639
Total earnings						
(i) Total earnings	**$**	**(12,000)**	$	7,222	$	195
(ii) Earnings per share – basic	**$**	**(0.24)**	$	0.15	$	0.00
(iii) Earnings per share – diluted	**$**	**(0.24)**	$	0.15	$	0.00
Total assets	**$**	**64,451**	$	82,096	$	78,907
Total long-term liabilities	**$**	**10,609**	$	13,036	$	13,324

4. Results of Operations

Discussion of Acquisitions, Operations and Financial Condition

The following should be read in conjunction with the audited consolidated financial statements of the Company and notes attached thereto for the year ended April 30, 2018.

4.1 San Martín Mine, Queretaro, Mexico

Reserves

The San Martin Mine, located approximately 50km east of the City of Queretaro, State of Queretaro, Mexico, consists of mining concessions covering 15,316 hectares and includes seven underground mining units and four units under exploration Luismin (now "Goldcorp Mexico") operated the mine from 1993 to January, 2007, when it was purchased by the Company. The Company expects to continue to operate the mine over an expected mine life of over 10 years based on the current expected conversion of known resources, and exploration is able to maintain proven and probable reserves replacing those mined with new reserves, such that the total resource remains relatively constant from year to year.

The Company has recently completed a Resource estimate prepared "RESERVES AND RESOURCES IN THE SAN MARTIN MINE, MEXICO AS OF APRIL 30, 2018", dated April 30, 2018, prepared by Erme Enriquez. (the "Technical Report"), which is also available on the Company website www.starcore.com.

The most important assumptions used as the basis of the estimate include:

- A gold price of $1300 per ounce.
- A silver price of $16.00 per ounce.
- First quarter 2018 operating costs of US$69.41 per metric dry tonne.
- Average metallurgical recoveries of 88% for gold and 55% for silver.
- Using the above price and cost assumptions the resultant calculated cutoff grade is approximately 1.66 g/t Au equivalent.
- Specific gravity of 2.6 g/cm3 has been applied to all calculated mineralized volumes.

Category	Tonnes	Grade		Total Contained oz		
		(g Au/t)	(g Ag/t)	(oz Au)	(oz Ag)	(oz Au Eq)
Reserve:						
Proven	409,879	2.57	60	33,910	765,096	52,952
Probable	1,241,439	1.96	24	78,049	934,112	101,429
Total Proven and Probable	**1,651,318**	**2.11**	**33**	**111,958**	**1,699,208**	**154,382**
Resource:						
Inferred	1,339,370	1.87	24	86,917	1,047,943	99,814
Indicated	156,442	2.56	27	12,883	136,711	13,109
Total Inferred and Indicated	**1,495,812**	**1.94**	**25**	**99,800**	**1,184,654**	**112,924**

Total Proven and Probable Mineral Reserves at the San Martin mine as of April 30, 2018 estimated by mine staff and reviewed by Erme Enriquez CPG, are 1,651,318 tonnes at a grade of 2.11 g Au/t and 33 g Ag/t. This total includes Proven reserves of 409,879 tonnes grading 2.57 g/t Au and 60 g/t Ag along with Probable reserves of 1,241,439 tonnes grading 1.96 g/t Au and 24 g/t Ag. The Carbonaceous material has been included in the Reserves.

Production
The following table is a summary of mine production statistics for the San Martin mine for the three months and year ended April 30, 2018 and for the previous year ended April 30, 2017.

(Unaudited)	*Unit of measure*	**3 months ended April 30, 2018**	**Actual results for 12 months ended April 30, 2018**	**12 months ended April 30, 2017**
Mine production of gold in dore	*thousand ounces*	**3.5**	**11.9**	**14.2**
Mine production of silver in dore	*thousand ounces*	**53.9**	**102.1**	**66.1**
Total mine production – equivalent ounces	*thousand ounces*	**4.1**	**13.2**	**15.2**
Silver to Gold equivalency ratio		**80.2**	**78.2**	**70.2**
Mine Gold grade	*grams/tonne*	**1.69**	**1.62**	**1.97**
Mine Silver grade	*grams/tonne*	**40.6**	**21.3**	**16.1**
Mine Gold recovery	*percent*	**88.4%**	**84.5%**	**81.5%**
Mine Silver recovery	*percent*	**57.4%**	**55.2%**	**46.5%**
Milled	*thousands of tonnes*	**71.9**	**269.6**	**275.1**
Mine development, preparation and exploration	*meters*	**3,254**	**9,089**	**5,293**
Mine operating cash cost per tonne milled	*US dollars/tonne*	**59**	**61**	**53**
Mine operating cash cost per equivalent ounce	*US dollars/ounces*	**1,019**	**1,237**	**969**
Number of employees and contractors at minesite		**339**	**339**	**314**

During the quarter ended April 30, 2018, the mill operated at a rate of approximately 808 milled tonnes/calendar day. Gold and silver grades during the quarter ending April 30, 2018 were 1.69 g/t and 40.6 g/t, respectively, compared to the quarter ending April 30, 2017 of 1.82 g/t and 13.6 g/t, respectively. Overall equivalent gold production from the mine during the year ending April 30, 2018 of 13,189 ounces was lower than the previous year's production of 15,159 due to much lower grade and lower overall production tonnage of 269,611 tonnes compared to 275,072 during the prior year ended April 30, 2017.

The mine has experienced a lack of availability of developed ore and lower ore grades have been mined to maintain production. In the most recent months, the tonnage throughput has been decreased in order to mine the higher grades and decrease mine costs. Management has made positive steps to develop the mine areas through increased drilling and development of new areas using contracted labour which has shown improved production in the first six months of 2018. Overall development meters increased considerably in the last quarter ended April 30, 2018, to 3,254 meters compared to 5,835 meters in the previous three quarters and 5,293 meters in the prior year ended April 30, 2017. This has resulted in an increasing milled tonnage through the plant and a significantly improved Resource estimate, as indicated above in *Section 4.1 – Reserves.*

Production cash costs of the mine for the current year ending April 30, 2018 were US$1,237/EqOz. This was higher than the prior comparable year amount of US$969/EqOz. The increase in production costs were largely due to lower metal production coupled with the higher costs incurred in mine development and exploitation.

Operating cash costs of US$61/t were higher than the prior year of US$53/t due to increased costs combined with higher input costs such as fuel, electricity, chemicals and labour. The mine plan has been developed to ensure the mine is properly developed and mined so as to ensure a constant supply of ore in accordance with currently planned production capacity and ore grades. Changes to the plan that may involve increased production and capital investment are continually being assessed by management. Currently, the Company is continuing underground exploration in order to identify higher grade ore zones and has allocated an adequate budget to support year-long exploration, exceeding 18,000 metres of underground exploration drilling for the 2018 calendar year.

During the year ended April 30, 2018, the Company incurred approximately US$2,069 in mine capital expenditures, which includes mine development drifting and drilling, machinery and equipment leases and purchases, and construction and tailings dam remediation, compared to US$1,689 in the prior comparable period ending April 30, 2017. The increase is largely due to management efforts to increase mine development in order to find higher grades and amounts of ore, although a larger amount of the development is being expensed as current costs if it leads to immediate production.

4.2 Property Activity

San Martin properties – Queretaro, Mexico

The San Martin mine properties are comprised of mining concessions covering 15,316 hectares. In addition to the ongoing mine exploration and development that is currently being performed in development of the mine, management is continually assessing the potential for further exploration and development of the San Martin properties and continually modifying the exploration budget accordingly.

The mine operates three underground drill rigs to provide information to assist with mine planning in addition to exploration, with the intent of increasing the reserves and resources on the property, and the Company is budgeting targets of approximately 18,000 metres of underground exploration drilling in calendar 2018.

Salvador Garcia, Chief Operating Officer, is the Company's qualified person under NI 43-101, and has reviewed and approved the scientific and technical disclosure on the San Martin Mine disclosed in this MD&A.

Impairment of Mining Interest

In determining the recoverable amounts of the Company's mining interests, the Company's management makes estimates of the discounted future cash flows expected to be derived from the Company's mining properties, costs to sell the mining properties and the appropriate discount rate. The projected cash flows are significantly affected by changes in assumptions about gold's selling price, future capital expenditures, changes in the amount of recoverable reserves, resources, and exploration potential, production cost estimates, discount rates and exchange rates. Based on the calculation, at April 30, 2018, management has decided to record an impairment of $5,000 on the San Martin Project.

Management has also determined that the CIL plant constructed in 2016 is no longer useful in the operations of the San Martin mine in Queretaro, Mexico. While this plant has a value as a functioning carbon leach plant and has operated to process third party carbon concentrates, the company cannot guarantee its usefulness in the future or the ability to attract third party carbon concentrates for processing. As a result, management is actively marketing the plant for sale and has decided to write down the plant to nil value and record an impairment of the book value of $1,713 to the Statements of Operations and Comprehensive Income (Loss).

San Pedrito

On March 21, 2017, the Company finalized the sale of its San Pedrito Property, a non-core asset located in Queretaro, Mexico for MXN$ 192,784,331 (C$13.50 million). The San Pedrito property was part of The Company's original acquisition in 2007, when the Company acquired the San Martin Mine from Goldcorp for US$26 million. The disposition of San Pedrito was recorded during the year ended April 30, 2017 and a gain of $7,128 is reported on the Statement of Operations and Comprehensive Income. The Company has recorded an allowance for MXN$ 15 million for amounts that management has deemed uncertain for collectability.

During the current year ending April 30, 2018, the Company received MXN$ 12,500,000 and interest of MXN$ 1,270,833 on 5 ha of the remaining parcels to be received.

The sale covers a total surface area of approximately 74 hectares (740,832 square meters) sold at $250 pesos per square meter. Payments are staged as follows:

Surface Area in hectares (ha)	Equivalent in square meters (sm)	Mexican Pesos	Canadian Dollars(2)	Status
55.068 ha	550,685.485 sm	MXN$ 137,671,371	C$ 9,640,852	
Interest Received		MXN$ 7,576,445	C$ 530,563	
		MXN$ 145,247,816	**C$10,171,415**	**Payment received**
Parcel of 12 ha(1)	120,000.000 sm	MXN$ 30,000,000	C$ 2,100,840	Pending clearance
Parcel of 2.014 ha(1)	20,146.059 sm	MXN$ 5,036,515	C$ 352,697	Pending clearance
Parcel of 5 ha(1)	50,000.000 sm	MXN$ 12,500,000	C$ 832,731(3)	**Payment received**

(1) The remaining two parcels await various confirmations from different local and federal authorities. As the Company receives these confirmations, the buyer will immediately remit the corresponding payment for each parcel of land. It is expected that these clearances will be confirmed within the next 6 months.
(2) Based on exchange rate of 14.28 Pesos/CAD$ as at close of March 21, 2017.
(3) Based on exchange rate of 15.03 01 Pesos/CAD$ that is the actual date of collection as at close of on November 8, 2017.
(4) Amounts are not rounded to the nearest thousand.

Altiplano Processing Plant, Matehuala, Mexico

On August 5, 2015, the Company acquired Cortez Gold Corp. ("Cortez") (TSXV: CUT) in an all-share transaction completed pursuant to a court approved Plan of Arrangement under the Business Corporations Act (British Columbia) (the "Arrangement"). Pursuant to the acquisition, the purchase price was allocated based on management's best estimates and assumptions, after taking into account all relevant information available. As a result, apart from working capital allocations, $6,094 was allocated to plant, machinery and equipment.

Altiplano has title to 75 hectares of land in Matehuala, S.L.P., Mexico, and to the buildings and equipment located thereon (the "Processing Plant"). The Processing Plant is a facility which processes third party gold and silver concentrate in Matehuala, Mexico.

Located within a historic mining district in an area that is home to numerous medium-sized mining operations, the Altiplano Plant is designed to employ a cleaner and more economical treatment production process that will enable the facility to offer lower processing rates than those currently available to concentrate producers in the area.

The Company's management determined the commencement of commercial production to begin on November 1, 2016. As a result, prior to commencement of commercial production, all of the pre-operational costs and any test production revenue were capitalized to Plant costs. Subsequent to November 1, 2016, the consolidated statements of operations include the operating revenues and expenses from the Altiplano operations.

During the quarter ended April 30, 2018, the Altiplano Facility received approximately 373 tonnes of concentrate containing approximately 805 ounces of gold and 26,813 ounces of silver. During the quarter ended April 30, 2018, Altiplano sold 232 ounces of gold and 16,933 ounces of silver.

During the year ended April 30, 2018, the Altiplano Facility sold 818 ounces of gold and 81,774 ounces of silver.

"The operational management team has sunk its teeth into productivity and efficiency. The results display a significant improvement in production, recovery, and grades," said Robert Eadie, President of the Company. "Our focus remains on improving productivity through development and exploration at the San Martin mine, as well as creating relationships with new concentrate providers at Altiplano so that we can build sustainable value for our shareholders and our future endeavors."

Santa Fe Project

On November 21, 2017, the Company announced that it had entered into a Letter of Intent ("LOI") with Eduardo de la Peña Gaitan and other property owners represented by him (the "Owners"), for the Company to acquire approximately 21,000 hectares located in the state of Sinaloa, Mexico, more commonly known as the Santa Fe Project ("Santa Fe" or the "Property").

On January 11, 2018, the Company announced that it has engaged Global Kompas ("GK") to undertake a Preliminary Economic Assessment ("PEA") of the Santa Fe Project ("Santa Fe property") located in Sinaloa, Mexico.

Subsequent to the year ended April 30, 2018, the Company announced that it had completed its due diligence and review of the Property and would not be proceeding with the proposed acquisition (*see press releases of November 21, 2017, January 11, 2018 and March 26, 2018)*. The Company has no further obligations on Santa Fe property and all costs of $433 associated with the property, as well as other properties being investigated, were expensed as property investigation costs in the current year.

The Company has given notice to the property owners and its disengagement from the project and the Company has no further obligations on Santa Fe.

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") by the AJC shareholders.

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.

Pursuant to the acquisition of AJC, the Company has acquired the right to 3 properties as follows:

Sierra Rosario, Sinaloa, Mexico

The Company acquired a 100% interest in the 978-hectare Sierra Rosario Property, over 2 claims that are located in the state of Sinaloa, Mexico ("Sierra Rosario").

During the current year ended April 30, 2018, the Company entered into an agreement to sell the claims of the Sierra Rosario property. The Company received proceeds of $118 ($100 USD) over a six month period. The excess of property costs over the recovered amount was recognized as a loss on disposal of exploration and evaluation assets in the Statement of Profit or Loss and Other Comprehensive Income.

Toiyabe, Nevada, USA

Pursuant to the acquisition of AJC, the Company acquired the right to 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 (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 million per each 1% of the royalty.

During the period ending October 31, 2016, the Company completed Phase 1 drilling on the Toiyabe property. A total of 3,011 meters of RC/core were drilled in 15 holes. Shallow RC drill holes have identified a possible extension of the near-surface resource and the first deep core hole has identified high-grade gold mineralization (1.5 m of 12.9 g/t Au) at depth.

Reverse Circulation (RC) drilling, including two pre-collar holes, consisted of fifteen holes for a total footage of 2,537 meters. Core drilling totalled 474 meters in two holes. A summary of assay results received to date and a map of drill hole locations can be found on the Company website https:// www.starcore.com .

Assays from T-1601C, the first deep core hole, show a broad mineralized zone from 254 to 294 meters (40 m) which averages 1.3 g/t Au. This zone includes 3 meters of 7.7 g/t Au (255.4-258.4 m) or 1.5 meters of 12.9 g/t Au (255'4-256.9 m). The mineralized intervals coincide closely with highly altered breccia within broad fault zones.

The RC program targeted a combination of resistivity high anomalies as well as offsets and extensions to mineralization associated with the Courtney fault zones. A near-surface NI43-101 resource of 173,562 contained ounces of gold was published in 2009. Fifteen of the initially proposed RC holes were completed for a total drilling footage of 2,537 meters. Seven of the fifteen RC holes were lost short of targeted horizons. Even with these drilling limitations, fourteen of the fifteen RC holes encountered anomalous gold values as shown in the table above.

All RC drilling samples are collected in 1.5 meter intervals, logged and securely shipped to ALS Chemex Labs Inc. in Reno, Nevada to be analyzed for gold and silver by fire assay. A second sample split is kept on site for possible re-testing or future metallurgy. Standards and blanks are included with the sample submittals and numerous repeat assays conducted. The core is logged, sample intervals marked on the core either in 1.5 meter lengths or geologic/structural breaks, sawed and half core assayed the same as the RC procedure mentioned above.

Richard Kern, Certified Professional Geologist (#11494) is the Qualified Person who has prepared and reviewed the technical information on the Toiyabe property in accordance with NI 43-101 reporting standards.

Lone Ranch, Washington, USA

Pursuant to the acquisition of AJC, the Company acquired the right to a 100% undivided interest, subject to a 3% 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$360, 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 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$1.5 million 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.

Creston Moly

On February 19, 2015, the Company acquired all of the shares of Creston Moly from Deloitte Restructuring Inc. in its capacity as trustee in bankruptcy of Mercator Minerals Ltd. at a purchase price of CDN $2 Million. In June, 2011, Mercator Minerals Ltd. ("Mercator"), a TSX listed company, acquired Creston Moly in a cash and shares deal valuing Creston Moly at approximately $194 million. At that time, the Board of Directors of Creston Moly, after receiving the recommendation of its special committee and consultation with its financial and legal advisors, unanimously supported the arrangement whereby Mercator would acquire all of the issued and outstanding common shares of Creston.

BMO Capital Markets, financial advisor to Creston Moly and its Board, provided a fairness opinion to the effect that the consideration (of $194 million) was fair, from a financial point of view, to the shareholders of Creston Moly.[1] Creston shareholders voted in favour of the acquisition. The most significant asset in this acquisition was the El Creston project in Sonora, Mexico which had been advanced to a completed Preliminary Economic Assessment ("PEA").

On September 5, 2014, pursuant to the *Bankruptcy and Insolvency Act (Canada*), Mercator and Creston Moly were deemed to have filed assignments in bankruptcy. Creston Moly is a British Columbia company that owns, through its subsidiaries, a 100% interest in the following properties:

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

Ajax, British Columbia, Canada[2]

Ajax Molybdenum Property is comprised of 11,718 hectares and is located 13 km north of Alice Arm, British Columbia. The Ajax Property, one of North America's largest undeveloped molybdenum deposits occupying a surface area of approximately 600 by 650 metres, is a world class primary molybdenum property in the advanced stage of exploration.

Molybrook, Newfoundland, Canada[3]

Creston's Molybrook molybdenum property located on the south coast of Newfoundland is centred 2.5 km from the outport of Grey River less than 4 kilometres from a deep water, ice free navigable fjord. The property hosts a 3 km long trend in which at least three zones of at surface molybdenum mineralization occur: Molybrook, Wolf and Chimney Pond. To date, almost all exploration has been completed on the Molybrook Zone where a large porphyry molybdenum deposit has been outlined.

The Company owns 100% of the 44 mineral claims of the Moly Brook molybdenum property, located 2.5 km from the Hamlet of Grey River on the southern coast of Newfoundland, pursuant to the acquisition of Creston Moly Corp. The Moly Brook property is subject to a 2% net smelter royalty ("NSR"), of which 1.5% can be purchased by the Company for $1.5 million.

During the year ended April 30, 2016, the Company reduced its claims to focus on the core project and to reduce its holding costs.

[1] The information in this report relating to the acquisition of Creston Moly by Mercator has been drawn from documents filed under the Creston Moly Corp. issuer profile on SEDAR, more specifically: Creston's Management Information Circular dated May 9, 2011 and filed on SEDAR on May 16, 2011, and Creston's news release of June 6, 2011 as filed on SEDAR on June 7, 2011.

[2] Technical information in this report relating to the Ajax Project is based on the NI 43-101 Resource Estimate Press Release entitled "Tenajon Announces 75% Increase in Indicated Molybdenum Resources at Ajax Project", dated May 15, 2008 and the technical report entitled "Update of Resource Estimation, Ajax Property, Alice Arm, British Columbia", dated April 18, 2007, both of which are filed under the Tenajon Resources Corp. issuer profile on SEDAR.

[3] Technical information in this report relating to the Moly Brook property is based on the technical report entitled "Technical Report, Moly Brook Property, Grey River Area, Newfoundland, Canada", dated June 15, 2009, filed under the Tenajon Resources Corp. issuer profile on SEDAR.

El Creston Project, Sonora, Mexico[4]

The El Creston molybdenum property is located in the State of Sonora, Mexico, 175 kilometres south of the US Border and 145 kilometers northeast of the city of Hermosillo which has completed a Preliminary Economic Assessment on the property based on zones of porphyry-style molybdenum ("Mo")/Copper ("Cu") mineralization. In 2010, a PEA was prepared on the project by an independent consulting firm. The result of this study indicated that the El Creston molybdenum-copper deposit had a US $561.9million net present value after tax (using an 8% discount rate). The internal rate of return (after tax) was calculated to be 22.3% and a capital cost payback was calculated to be four years.

Other highlights of the report include:

- ***Large moly-copper deposit in a mining-friendly jurisdiction***. Total Measured and Indicated Resources of 215 million tonnes grading 0.071% Mo and 0.06% Cu, containing 336 Mlbs Mo and 281 Mlbs Cu. Mineral resources that are not mineral reserves do not have demonstrated economic viability;

- ***Initial Capital cost:*** US$655.9million with payback of 4 years, based on metal prices of $15/lb Mo and $2.60/lb Cu. Metal recoveries were estimated at 88% for Mo and 84% for Cu;

- ***Low Operating Cost***: operating cost of $US4.12/lb Mo, net of copper credits, 0.84:1 waste to ore strip ratio within an optimized pit containing an additional 7.6 million tonnes of Inferred Resources responsible for $20M of the NPV;

- ***Excellent infrastructure***: Road accessible with a 230kV power grid within 50 km;

- ***Apart from the PEA,*** recommendations have been made to test known mineralization below the current pit-limiting "Creston Fault" where results such as drill hole EC08-54 returned 241.4m at 0.083% Mo and 0.059% Cu to a depth of 495m in the Red Hill Deep zone.

David Visagie, P.Geo., an independent consultant, is the Company's qualified person under NI 43-101, and has reviewed and approved the scientific and technical disclosure on the El Creston Project disclosed in this report.

[4] The technical information in this MD&A relating to the El Creston Project is based on the technical report entitled "Preliminary Economic Assessment, El Creston Project, Opodepe, Sonora, Mexico", dated December 16, 2010, filed under the Creston Moly Corp. issuer profile on SEDAR.. Information regarding the effective date of the mineral resources, key assumptions, parameters and methods used to estimate the mineral resources, and known risks that materially affect the mineral resources can be found in the technical report.

4.3 Results of Operations

The Company recorded loss for the year ended April 30, 2018 of $12,000 compared with gain of $7,222 for the comparative year ended April 30, 2017. The details of the Company's operating results and related revenues and expenses are as follows:

For the year ended April 30,	2018	2017	Variance
Revenues			
Mined ore	**$ 21,005**	$ 24,642	$ (3,637)
Purchased concentrate	**6,802**	2,586	4,216
Total Revenue	**27,807**	27,228	579
Cost of Sales			
Mined ore	**(20,672)**	(18,641)	(2,031)
Purchased concentrate	**(7,150)**	(2,151)	(4,999)
Depreciation and depletion	**(4,913)**	(5,610)	697
Total Cost of Sales	**(32,735)**	(26,402)	(6,333)
Earnings (Loss) from mining operations	**(4,928)**	826	(5,754)
Financing costs (net)	**(61)**	(626)	565
Foreign exchange gain	**193**	1,283	(1,090)
Management fees and salaries	**(1,514)**	(1,642)	128
Office and administration	**(1,908)**	(1,368)	(540)
Professional and consulting fees	**(1,204)**	(731)	(473)
Property investigation costs	**(433)**	-	(433)
Regulatory and transfer agent fees	**(166)**	(218)	52
Shareholder relations	**(198)**	(291)	93
Loss before other income	**(10,219)**	(2,767)	(7,452)
Other Income			
Gain on sale of San Pedrito	**-**	7,128	(7,128)
Impairment of Mining Interest, Plant and Equipment	**(6,713)**	-	(6,713)
Loss on disposal of Exploration and Evaluation Asset	**(1,013)**	-	(1,013)
Total Other Income	**(7,726)**	7,128	(14,854)
Earnings (Loss) before taxes	**(17,945)**	4,361	(22,306)
Income tax recovery			
Deferred	**5,945**	2,861	3,084
Earnings (Loss) for the year	**$ (12,000)**	$ 7,222	$ (19,222)

Overall, revenue from mining operations milled ore decreased by $3,637 for the year ended April 30, 2018 compared to the comparative year ended April 30, 2017, due mainly to lower metal production from lower ore grades and lower tonnage processed in the current year compared to the prior year, offset partially by higher gold prices and slightly lower silver prices. Total revenue was $579 higher due to the increase of $4,216 in purchased concentrate revenue from the full year of increased operations experienced at the Altiplano concentrate processing plant as well as additional carbon concentrate processed at the San Martin mine.

Sales of metals for mining operations for the twelve months ended April 30, 2018 approximated 11,782 ounces of gold and 101,377.90 ounces of silver sold at average prices in the period of US$1,293 and US$16.76 per ounce, respectively. This is a decrease in sale ounces from the comparative period ended April 30, 2017 where sales of metal approximated 14,791 ounces of gold and 80,421 ounces of silver, sold at lower average prices of US$1,264 and US$18.04 per ounce, respectively.

The total cost of sales above includes non-cash expenses for depreciation and depletion of $4,913 compared to $5,610 in the comparable year, which is calculated based on the units of production from the mine over the expected mine production as a denominator. This calculation is based solely on the San Martin mine proven and probable reserves and a percentage of inferred resources in accordance with the Company's policy of recognizing the value of expected Resources which will be converted to Proven and Probable Reserves, as assessed by management.

For the year ending April 30, 2018, the Company produced a loss of $4,928 in from mine operations compared to income of $826 for the year ended April 30, 2017. The loss resulted from a decrease in the sale of metal ounces when compared to the prior year. The combination of lower grades and tonnes processed for gold and silver during this year resulted in lower metal production and, therefore, revenue from mined ore as compared to the prior year.

Costs per ounce for the year ended April 30, 2018 was US$1,237/EqOz. which is higher than the average operating cash cost of US$969/EqOz. during the comparable year ended April 30, 2017. This resulted in comparable reported mined ore costs at $20,672 compared to $18,641 in the previous year ended April 30, 2017 despite the higher tonnes processed in the prior year. Mined ore costs increased in the current year due mainly to much higher development costs incurred to increase future ore reserves, coupled with increased input costs such as fuel, electricity, chemicals and labour.

The Company also processed purchased concentrate at the Altiplano plant and at the San Martin plant in the twelve months ended April 30, 2018 for revenue of $6,802 and cost of purchasing concentrate of $7,150, for a net loss of $348. The net loss is due mainly to the fixed cost of the facility in light of the facility not achieving a break-even level of production from purchase and processing of concentrates and other materials. As the Altiplano facility is relatively new, management is building supplier networks and relationships to purchase concentrate and other materials to increase production.

Other Items

Changes in other items for the twelve months year ended April 30, 2018, resulted in the following significant changes from the twelve months year ended April 30, 2017:

- Financing costs during the year decreased by $565 due to the Company not incurring interest on debt which was repaid in the prior year ended April 30, 2017 further offset by the interest income earned from the sale of San Pedrito property (*see 4.2 Property Activity*);
- Office and administration increased by $540 due higher corporate costs relating to general regulatory administration in the current year.
- Management fees and salaries decreased by $128 primarily due to the resignation of the prior COO and the period of time the Company acted before replacing the COO position;
- Foreign exchange gain decreased by $1,090 for the year ended April 30, 2018. The decrease relates primarily to the fluctuations of the Mexican peso and Canadian dollar in relation to the US dollar, the functional currency of the mining operations;
- Professional and consulting fees increased by $473 to $1,204 primarily due to additional costs relating to the San Pedrito sale. Professional fees relate primarily to charges in relations to legal, tax and audit fees;
- Property investigation costs of $433 were incurred during the year to perform the necessary due diligence on new projects, including primarily the Santa Fe Project.
- Loss on disposal of Exploration and Evaluation Asset of $1,013 resulted directly due to the sale of the Sierra Rosario asset to a third party.
- Deferred Income Tax ("DIT") Recovery increased by $3,084 due to the Company recognizing its ability to use additional, previously unrecognized, non-capital loss carry forwards in the current and future periods and to the reversal of DIT liability related to the impairment of assets.

- Impairment on CIL Plant led to an adjustment of $1,713 after management determined that the plant is no longer useful in the operations. While this plant has a value as a functioning carbon leach plant and has operated to process third party carbon concentrates, the Company cannot guarantee its usefulness in the future or the ability to attract third party carbon concentrates for processing. An additional $5,000 impairment was recorded on the San Martin mine after management determined that future cash flow projects were negatively impacted due to changes in variables such as the amount of recoverable reserves, resources, and exploration potential, production cost estimates, discount rates and exchange rates. The key assumptions used for assessing the recoverable amount are gold price of USD $1,300/oz and a discount rate of 9%.

Sustaining Costs

In conjunction with a non-GAAP initiative being undertaken within the gold mining industry, the Company has adopted an "all-in sustaining cash cost" ("AISC") non-GAAP performance measure that the Company believes more fully defines the total costs associated with producing gold; however this performance measure has no standardized meaning. As the measure seeks to reflect the full cost of equivalent gold production from current mining operations, new project capital is not included in the calculation. As this measure includes only San Martin mining operations coupled with related capital costs, it excludes purchase concentrate operations which are not considered meaningful for purposes of calculating AISC. Accordingly it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. The Company reports this measure on a sales basis based solely on sales of metal from the San Martin mining operations:

(In Canadian Dollars unless indicated)	**Sustaining Costs (in 000's)**		**Sustaining Costs Per Ounce (in $/oz)**	
For the twelve months ended April 30,	**2018**	2017	**2018**	2017
Total cost of sales cash costs[1]	**$ 20,672**	$ 18,641	**$ 1,579**	$ 1,170
Total corporate and administration cash costs[2]	**3,908**	4,257	**298**	267
Foreign exchange gain	**1,514**	(1,283)	**116**	(81)
Reclamation and closure accretion	**64**	80	**5**	5
Sustaining capital expenditures and exploration[3]	**3,622**	1,658	**277**	104
All-in sustaining cash costs	**29,779**	23,353	**2,274**	1,465
Foreign exchange adjustment	**(6,447)**	(5,628)	**(492)**	(353)
All-in sustaining USD cash costs	**$ 23,332**	$ 17,725	**$ 1,782**	$ 1,112
Total equivalent ounces sold	**13,095**	15,939		

[1] *Excludes non-cash depletion of $4,913 for the twelve months ended April 30, 2018 (April 30, 2017: $5,610).*
[2] *Includes share-based compensation of $(64) for the year ended April 30, 2018 (April 30, 2017: $267).*
[3] *Certain capital expenditures costs that are non-sustaining costs have been excluded in accordance with AISC guidelines. This includes capital costs of the CIL/ADR plant of $Nil (2017 - $860) and Altiplano processing plant costs of $Nil (2017 - $119).*

Cash Flows

Cash flows spent on operating activities were $6 during the year ended April 30, 2018, compared to cash inflow of $2,060 for the comparative year ended April 30, 2017. Cash flows from operating activities were determined by removing non-cash expenses from the earnings and adjusting for non-cash working capital amounts. Cash spent for financing activities resulted in an outflow of $116 mainly due to the debt repayment in the year of $1,213 and interest paid in the amount of $311. The Company also received cash of $1,283 as part of a new loan agreement that was arranged during the year. Cash flows received from investing activities were $2,397 primarily due to sale of short term investment of $4,022 and the Company spent $2,190 on investment in mining interest, plant and equipment, $481 on investment in exploration and evaluation assets and received $832 from the sale of a parcel of land regarding San Pedrito. Overall cash decreased during the year ended April 30, 2018 by $3,731.

Investor Relations Activities

During the year ended April 30, 2018, the Company responded directly to investor inquiries.

Financings, Principal Purposes & Milestones

During the year ending April 30, 2018, the Company secured an additional $1,283 (USD $1,000) loan with a lender. The full principal plus accrued interest on the loan shall be repayable to the lender on October 25, 2019. Subsequent to April 30, 2018, the Company completed a non-brokered private placement for gross proceeds of $3,000. *See Recent News – section 2.0.*

5. Summary of Quarterly Results

The following is a summary of the Company's financial results for the eight most recently completed quarters:

	Q4 30-Apr-18	Q3 31-Jan-18	Q2 31-Oct-17	Q1 31-Jul-17
Total Revenue	$ 7,953	$ 5,352	$ 6,407	$ 8,095
Earnings (loss) from mining operations	$ (622)	$ (2,573)	$ (1,354)	$ (379)
Earnings (loss) for period	$ (5,106)	$ (4,625)	$ (1,975)	$ (294)
Per share – basic	$ (0.12)	$ (0.09)	$ (0.03)	$ (0.00)
Per share – diluted	$ (0.12)	$ (0.09)	$ (0.03)	$ (0.00)

	Q4 30-Apr-17	Q3 31-Jan-17	Q2 31-Oct-16	Q1 31-Jul-16
Total Revenue	$ 6,815	$ 6,164	$ 7,061	$ 7,188
Earnings (loss) from mining operations	$ (1,096)	$ (495)	$ 1,269	$ 1,148
Earnings (loss) for period	$ 8,095	$ (1,546)	$ 187	$ 486
Per share – basic	$ 0.17	$ (0.03)	$ 0.00	$ 0.01
Per share – diluted	$ 0.17	$ (0.03)	$ 0.00	$ 0.01

Discussion

The Company reports loss of $5,106 for the quarter compared to earnings of $8,095 in the comparative quarter ended April 30, 2017 due to the much lower production at lower grades, coupled with higher costs overall and impairment recorded on its mining interest. Earnings in the prior quarter year were significantly higher due to the $7,128 gain realized on the sale of the San Pedrito property. Revenue from operations increased in this quarter to $7,953 from the comparative quarter of $6,815 as a result of higher purchased concentrate revenue. . For more detailed discussion on the quarterly production results and financial results for the quarter ended April 30, 2018, please refer to *Sections 4.1 and 4.3 under "Results of Operations"*.

6. Liquidity and Commitments

The Company expects to continue to receive income and cash flows from the mining operations at San Martin (*section 4.1*). Management expects that this will result in sufficient working capital and liquidity for the Company for the next twelve months.

As at April 30, 2018, the Company had the following commitments:

a) As at April 30, 2018, the Company has shared lease commitments for office space of approximately $144 per year, expiring at various dates up to April 2020, which includes minimum lease payments and estimated taxes, but excluded operating costs, taxes and utilities, to expiry.

b) As at April 30, 2018, the Company has a land lease agreement commitment with respect to the land at the mine site, for $132 per year until December 2018. The Company also has ongoing commitments on the exploration and evaluation assets of approximately $220 per year.

c) As at April 30, 2018, the Company has management contracts to officers and directors totaling $600 per year, payable monthly, expiring in January 2020 and US$315 per year, payable monthly, expiring in August 2021.

Obligations due within twelve months of April 30,	2018	2019	2020	2021	2022 and beyond
Trade and other payables	$ 4,774	$ -	$ -	$ -	$ -
Current portion of loan payable	-	1,334	-	-	-
Reclamation and closure obligations	$ -	$ -	$ -	$ -	$ 1,280

7. Capital Resources

The capital resources of the Company are the mining interests, plant and equipment, with an amortized historical cost of $41,476 as at April 30, 2018. The Company is committed to further expenditures of capital required to maintain and to further develop the San Martin mine which management believes will be funded directly from the operating cash flows of the mine.

8. Off Balance Sheet Arrangements

The Company has no off-balance sheet transactions.

9. Transactions with Related Parties

N/A

10. Fourth Quarter

Due to mine operating activity of the San Martin mine discussed throughout this MD&A and as detailed in Section 4.1, the operations and activities are similar to previous quarters which are discussed in *Section 4.3 – Results of Operations.*

11. Proposed Transactions

N/A

12. Critical Accounting Estimates

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in accounting estimate is recognized prospectively by including it in the Company's profit or loss in the period of the change, if it affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical judgements in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the current financial period are discussed below:

a) Economic Recoverability and Profitability of Future Economic Benefits of Mining Interests

Management has determined that mining interests, evaluation, development and related costs incurred which have been capitalized are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit including geologic and metallurgic information, history of conversion of mineral deposits to proven and probable reserves, scoping and feasibility studies, accessible facilities, existing permits and life of mine plans.

b) Rehabilitation Provisions

Rehabilitation provisions have been created based on the Company's internal estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from period to period. Actual rehabilitation costs will ultimately depend on future market prices for the rehabilitation costs, which will reflect the market condition at the time of the rehabilitation costs are actually incurred. The final cost of the currently recognized rehabilitation provision may be higher or lower than currently provided for. The inflation rate applied to estimated future rehabilitation and closure costs is 3.5% and the discount rate currently applied in the calculation of the net present value of the provision is 8%.

c) Impairments

The Company assesses its mining interest, plant and equipment assets annually to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance.

d) Income Taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recuperated.

e) Mineral Reserves and Mineral Resource Estimates

Mineral reserves are estimates of the amount of ore that can be economically and legally extracted from the Company's mining properties. The Company estimates its mineral reserve and mineral resources based on information compiled by Qualified Persons as defined by Canadian Securities Administrators National Instrument 43-101 Standards for Disclosure of Mineral Projects. Such information includes geological data on the size, depth and shape of the mineral deposit, and requires complex geological judgments to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of commodity prices, future capital requirements, and production costs along with geological assumptions and judgments made in estimating the size and grade that comprise the mineral reserves. Changes in the mining reserve or mineral resource estimates may impact the carrying value of mineral properties and deferred development costs, property, plant and equipment, provision for site reclamation and closure, recognition of deferred income tax assets and depreciation and amortization charges.

f) Units of production depletion

Estimated recoverable reserves are used in determining the depreciation of mine specific assets. This results in depreciation charges proportional to the depletion of the anticipated remaining life of mine production. Each item's life, which is assessed annually, has regard to both its physical life limitations and to present assessments of economically recoverable reserves of the mine property at which the asset is located. These calculations require the use of estimates and assumption, including the amount of recoverable reserves and estimate of future capital expenditure. Changes are accounted for prospectively.

g) Shared-based Payments

The Company measures the cost of equity-settled transactions with employees, and some with non-employees, by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant.

This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, expected forfeiture rate, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in the notes.

13. Changes in Accounting Policies

Effective August 1, 2017, the Company adopted new and revised International Financial Reporting Standards that were issued by IASB as detailed in Note 3(o) to the audited consolidated financial statements. The application of these new and revised standards and interpretations has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

14. Financial and Other Instruments

All significant financial assets, financial liabilities and equity instruments of the Company are either recognized or disclosed in the unaudited consolidated financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk. Where practicable the fair values of financial assets and financial liabilities have been determined and disclosed; otherwise only available information pertinent to fair value has been disclosed.

In the normal course of business, the Company’s assets, liabilities and forecasted 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 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 primary currency the Company exposed to is the United States dollar which is also the functional currency of the San Martin Mine. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. At April 30, 2018 the Company had the following financial assets and liabilities denominated in CDN and denominated in Mexican Pesos:

In ‘000 of		**CAD**		**MXN$**
Cash	$	245	MP	8,305
Other working capital amounts - net	$	(188)	MP	44,441

At April 30, 2018, US dollar amounts were converted at a rate of $1.2821 Canadian dollars to $1 US dollar and MP were converted at a rate of MP18.78 to $1 US Dollar.

Other

15.1 Disclosure of Outstanding Share Capital as at July 27, 2018

	Number	Book Value
Common Shares	**49,646,851**	**$50,725**

The following is a summary of changes in options from April 30, 2018 to July 27, 2018:

Grant Date mm/dd/yy	Expiry Date mm/dd/yy	Exercise Price	Opening Balance	During the Year Granted	During the Year Exercised	During the Year Cancelled/ Forfeited	Closing	Closing, Vested and Exercisable
08/22/13	08/22/18	$0.80	50,000	-	-	-	**50,000**	**50,000**
09/06/13	09/06/18	$0.92	50,000	-	-	-	**50,000**	**50,000**
09/12/13	09/12/18	$1.00	50,000	-	-	(50,000)	-	-
01/15/14	01/15/19	$0.88	798,750	-	-	-	**798,750**	**798,750**
			948,750	-	-	(50,000)	**898,750**	**898,750**
Weighted Average Exercise Price			$0.88	**-**	**-**	**(1.00)**	**$0.88**	**$0.88**

As at July 27, 2018, the following warrants were outstanding and exercisable to purchase one common share for each warrant held:

Number of Warrants	Exercise Price	Expiry Date
250,000	$0.30	March 7, 2022
3,000,000	$0.20	June 18, 2021
3,250,000	**$0.21**	

15.2 Disclosure Controls and Procedures

The Company's management, with the participation of its Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures. Based upon the results of that evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures were effective to provide reasonable assurance that the information required to be disclosed by the Company in reports it files is recorded, processed, summarized and reported, within the appropriate time periods and forms.

Internal Controls Over Financial Reporting

The Company's management, with the participation of its Chief Executive Officer and Chief Financial Officer, are responsible for establishing and maintaining adequate internal control over financial reporting. Under the supervision of the Chief Financial Officer, the Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of unaudited consolidated financial statements for external purposes in accordance with IFRS. The Company's controls include policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with IFRS; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the annual consolidated financial statements or interim financial statements.

There has been no change in the Company's internal control over financial reporting during the Company's year ended April 30, 2018 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Limitations of Controls and Procedures

The Company's management, including the Chief Executive Officer and Chief Financial Officer, believe that any disclosure controls and procedures or internal controls over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any systems of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

Starcore International Mines Ltd.

Consolidated Financial Statements

For the years ended April 30, 2018 and April 30, 2017

(Audited)

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Directors of
Starcore International Mines Ltd.

Opinion on the consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Starcore International Mines Ltd. (the "Entity"), which comprise the consolidated statements of financial position as of April 30, 2018 and 2017, the consolidated statements of operations and comprehensive income (loss), cash flows and changes in equity for the years ended April 30, 2018 and 2017 and the related notes, comprising a summary of significant accounting policies and other explanatory information (collectively referred to as the consolidated financial statements).

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Entity as at April 30, 2018 and 2017 and its financial performance and its cash flows for the years ended April 30, 2018 and 2017 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement, whether due to error or fraud. Those standards also require that we comply with ethical requirements, including independence. We are required to be independent with respect to the Entity in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. We are a public accounting firm registered with the PCAOB.

An audit includes performing procedures to assess the risks of material misstatements of the consolidated financial statements, whether due to error or fraud, and performing procedures to respond to those risks. Such procedures included obtaining and examining, on a test basis, audit evidence regarding the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. The Entity is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies and principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a reasonable basis for our audit opinion.

We have served as the Entity's auditor since 2016.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Professional Accountants

July 27, 2018

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

As at		**April 30, 2018**		April 30, 2017
Assets				
Current				
Cash	**$**	**2,321**	$	5,558
Short-term Investments (note 5)		**-**		4,005
Amounts Receivable (note 6)		**3,348**		4,777
Inventory (note 7)		**3,499**		2,921
Prepaid Expenses and Advances		**355**		349
Total Current Assets		**9,523**		17,610
Non-Current				
Mining Interest, Plant and Equipment (notes 8 & 11)		**41,476**		52,921
Exploration and Evaluation Assets (note 9)		**5,177**		5,955
Reclamation Deposits		**165**		165
Deferred Tax Assets (note 18)		**8,110**		5,445
Total Non-Current Assets		**54,928**		64,486
Total Assets	**$**	**64,451**	$	82,096
Liabilities				
Current				
Trade and Other Payables	**$**	**4,774**	$	2,496
Current Portion of Loan Payable (note 10)		**-**		1,646
Total Current Liabilities		**4,774**		4,142
Non-Current				
Loan Payable (note 10)		**1,334**		-
Rehabilitation and Closure Cost Provision (note 11)		**1,162**		1,131
Deferred Tax Liabilities (note 18)		**8,113**		11,905
Total Non-Current Liabilities		**10,609**		13,036
Total Liabilities	**$**	**15,383**	$	17,178
Equity				
Share Capital (note 12)	**$**	**50,725**	$	50,605
Equity Reserve		**11,178**		11,173
Foreign Currency Translation Reserve		**1,234**		5,209
Accumulated Deficit		**(14,069)**		(2,069)
Total Equity		**49,068**		64,918
Total Liabilities and Equity	**$**	**64,451**	$	82,096

Commitments (notes 11 and 14)
Subsequent Event (notes 9 and 19)

Approved by the Directors:

"Robert Eadie" Director ***"Gary Arca"*** Director

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

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

For the year ended April 30,		2018		2017
Revenues				
Mining	$	21,005	$	24,642
Purchased concentrate		6,802		2,586
Total Revenues		27,807		27,228
Cost of Operations				
Mining		(20,672)		(18,641)
Purchased concentrate		(7,150)		(2,151)
Depreciation and depletion		(4,913)		(5,610)
Total Cost of Sales		(32,735)		(26,402)
Earnings (Loss) from operations		(4,928)		826
Financing costs (note 10)		(61)		(626)
Foreign exchange gain		193		1,283
Management fees and salaries (notes 12 & 14)		(1,514)		(1,642)
Office and administration		(1,908)		(1,368)
Professional and consulting fees		(1,204)		(731)
Property investigation costs (note 9)		(433)		-
Regulatory and transfer agent fees		(166)		(218)
Shareholder relations		(198)		(291)
Loss before other income (loss)		(10,219)		(2,767)
Other Income (Loss)				
Gain on sale of San Pedrito (note 8)		-		7,128
Impairment of Mining Interest, Plant and Equipment (note 8)		(6,713)		-
Loss on disposal of Exploration and Evaluation Asset (note 9)		(1,013)		-
Total other income (loss)		(7,726)		7,128
Earnings (loss) before taxes		(17,945)		4,361
Income tax recovery (note 18)				
Deferred		5,945		2,861
Earnings (Loss) for the year		(12,000)		7,222
Other comprehensive loss				
Item that may subsequently be reclassified to loss				
Foreign currency translation differences		(3,975)		(177)
Comprehensive income (loss) for the year	$	(15,975)	$	7,045
Basic (loss) earnings per share (note 16)	$	(0.24)	$	0.15
Diluted (loss) earnings per share (note 16)	$	(0.24)	$	0.15

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

(in thousands of Canadian dollars)

For the years ended April 30,		2018		2017
Cash provided by				
Operating activities				
Earnings (Loss) for the year	$	**(12,000)**	$	7,222
Items not involving cash:				
Depreciation and depletion		**5,032**		5,628
Gain on sale of San Pedrito		**-**		(7,128)
Income tax (recovery) (note 18)		**(5,945)**		(2,861)
Interest on long-term debt (note 10)		**83**		536
Rehabilitation and closure cost accretion (note 11)		**64**		80
Unwinding of discount on long-term debt (note 10)		**-**		48
Share-based compensation (note 12)		**(64)**		267
Impairment of Mining Interest, Plant and Equipment (note 8)		**6,713**		-
Loss on disposal of Exploration and Evaluation Asset (note 9)		**1,013**		-
Write-down for obsolete equipment (note 8)		**-**		37
Cash generated by (used in) operating activities before working capital changes		**(5,104)**		3,829
Change in non-cash working capital items				
Amounts receivable		**(475)**		(559)
Inventory		**(1,181)**		(1,591)
Prepaid expenses and advances		**(78)**		(214)
Trade and other payables		**826**		595
Cash inflow (outflow) for operating activities		**(6,012)**		2,060
Financing activities				
Issuance of shares (note 12)		**125**		-
Advance of loan payable (note 10)		**1,283**		-
Repayment of loan payable (note 10)		**(1,213)**		(4,500)
Interest paid (note 10)		**(311)**		(538)
Financing fees (note 10)		**-**		(45)
Cash outflow for financing activities		**(116)**		(5,083)
Investing activities				
Cash acquired on sale of San Pedrito (note 8)		**832**		10,171
Interest received		**86**		57
Investment in exploration and evaluation assets (note 9)		**(481)**		(2,068)
Purchase of mining interest, plant and equipment (note 8)		**(2,190)**		(2,709)
Sale of Exploration and Evaluation property (note 9)		**128**		-
Sale of short-term investments (note 5)		**4,022**		1,769
Cash inflow for investing activities		**2,397**		7,220
Total increase (decrease) in cash		**(3,731)**		4,197
Effect of foreign exchange rate changes on cash		**494**		(2,887)
Cash, beginning of year		**5,558**		4,248
Cash, end of year	**$**	**2,321**	$	5,558

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

During the year ended April 30, 2018, the Company accrued $1,525 in equipment purchased through Trade Payables.

Starcore International Mines Ltd.

Consolidated Statements of Changes in Equity
For the years ended April 30, 2018 and April 30, 2017
(in thousands of Canadian dollars, except for number of shares)

	Number of Shares Outstanding	Share Capital	Equity Reserve	Foreign Currency Translation Reserve	Accumulated Income (Deficit)	Total
Balance, April 30, 2016	49,146,851	$ 50,605	$ 11,173	$ 5,386	$ (9,291)	$ 57,873
Foreign currency translation	-	-	-	(177)	-	(177)
Earnings for the year	-	-	-	-	7,222	7,222
Balance, April 30, 2017	49,146,851	50,605	11,173	5,209	(2,069)	64,918
Issued for cash pursuant to:						
- Private placement at $0.25 (Note 12)	500,000	120	5	-	-	125
Foreign currency translation	-	-	-	(3,975)	-	(3,975)
Loss for the year	-	-	-	-	(12,000)	(12,000)
Balance, April 30, 2018	**49,646,851**	**$ 50,725**	**$ 11,178**	**$ 1,234**	**$ (14,069)**	**$ 49,068**

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

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 exploring, extracting and processing gold and silver through its wholly-owned subsidiaries, Compañia Minera Peña de Bernal, S.A. de C.V. ("Bernal"), which owns the San Martin mine in Queretaro, Mexico and Altiplano GoldSilver S.A. de C.V ("Altiplano"), which owns the gold and silver concentrate processing plant in Matehuala, Mexico.

The Company is also engaged in acquiring mining related operating assets and exploration assets in North America directly and through corporate acquisitions.

2. Basis of Preparation

a) Statement of Compliance

These 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").

The financial statements were authorized for issue by the Board of Directors on July 27, 2018.

b) Basis of Measurement

The consolidated financial statements have been prepared on a historical cost basis, except certain financial instruments, which are measured at fair value, as explained in the Company's accounting policies discussed in note 3.

The 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 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.

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 subsidiaries, Bernal and Altiplano, along with various other subsidiaries, carry out their operations in Mexico, U.S.A. and in Canada.

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

3. Summary of Significant Accounting Policies

The accounting policies set out below were applied consistently to all periods presented in these consolidated financial statements, unless otherwise indicated.

a) Foreign Currency Translation

The functional currency of Starcore, the parent, is the Canadian dollar ("CAD") and the functional currency of its subsidiaries is the United States dollar ("USD") (collectively "Functional Currency"). Foreign currency accounts are translated into the Functional Currency as follows:

- At the transaction date, each asset, liability, revenue and expense denominated in a foreign currency is translated into the Functional Currency by the use of the exchange rate in effect at that date. At the period end date, unsettled monetary assets and liabilities are translated into the Functional Currency by using the exchange rate in effect at the period end.

Foreign exchange gains and losses are recognized in net earnings and presented in the Consolidated Statement of Operations and Comprehensive Income in accordance with the nature of the transactions to which the foreign currency gains and losses relate, except for foreign exchange gains and losses from translating available-for-sale investments in marketable securities which are recognized in other comprehensive income as part of the total change in fair values of the securities. Unrealized foreign exchange gains and losses on cash and cash equivalent balances denominated in foreign currencies are disclosed separately in the Consolidated Statements of Cash Flows.

b) Foreign Operations

The assets and liabilities of foreign operations with Functional Currencies differing from the presentation currency, including fair value adjustments arising on acquisition, are translated to CAD at exchange rates in effect at the reporting date. The income and expenses of foreign operations with Functional Currencies differing from the presentation currency are translated into CAD at the year-to-date average exchange rates.

The Company's foreign currency differences are recognised and presented in other comprehensive income as a foreign currency translation reserve ("Foreign Currency Translation Reserve"), a component of equity. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

c) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. At April 30, 2018 and April 30, 2017, the Company has no cash equivalents.

3. Summary of Significant Accounting Policies – (cont'd)

d) Short Term Investments

Short term investments, which consist of fixed term deposits held at a bank with a maturity with a maturity of more than three months at the time of issuance, are recorded at fair value.

e) Revenue Recognition

Revenue from the sale of metals is recognized when the significant risks and rewards of ownership have passed to the buyer, it is probable that economic benefits associated with the transaction will flow to the Company, the sale price can be measured reliably, the Company has no significant continuing involvement and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenues from metal concentrate sales are subject to adjustment upon final settlement of metal prices, weights, and assays as of a date that may be up to two weeks after the shipment date. The Company records adjustments to revenues monthly based on quoted forward prices for the expected settlement period. Adjustments for weights and assays are recorded when results are determinable or on final settlement. Accounts receivable for metal concentrate sales are therefore measured at fair value.

f) Inventory

Finished goods and work-in-process are measured at the lower of average cost and net realizable value. Net realizable value is calculated as the estimated price at the time of sale based on prevailing and long-term metal prices less estimated future costs to convert the inventories into saleable form and estimated costs to sell.

Ore extracted from the mines is processed into finished goods (gold and by-products in doré). Costs are included in work-in-process inventory based on current costs incurred up to the point prior to the refining process, including applicable depreciation and depletion of mining interests, and removed at the average cost per recoverable ounce of gold. The average costs of finished goods represent the average costs of work-in-process inventories incurred prior to the refining process, plus applicable refining costs.

Supplies are measured at average cost. In the event that the net realizable value of the finished product, the production of which the supplies are held for use in, is lower than the expected cost of the finished product, the supplies are written down to net realizable value. Replacement costs of supplies are generally used as the best estimate of net realizable value. The costs of inventories sold during the year are presented in the Company's profit and loss.

3. Summary of Significant Accounting Policies – (cont'd)

g) Mining Interest, Plant and Equipment

Mining interests represent capitalized expenditures related to the development of mining properties and related plant and equipment.

Recognition and Measurement

On initial recognition, equipment is valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

Mining expenditures incurred either to develop new ore bodies or to develop mine areas in advance of current production are capitalized. Mine development costs incurred to maintain current production are included in the consolidated statement of operations. Exploration costs relating to the current mine in production are expensed to net income as incurred due to the immediate exploitation of these areas or an immediate determination that they are not exploitable.

Borrowing costs that are directly attributable to the acquisition and preparation for use, are capitalized. Capitalization of borrowing costs, begins when expenditures are incurred and activities are undertaken to prepare the asset for its intended use. The amount of borrowing costs capitalized cannot exceed the actual amount of borrowing costs incurred during the period. All other borrowing costs are expensed as incurred.

The capitalization of borrowing costs is discontinued when substantially all of the activities necessary to prepare the qualifying asset for its intended use or sale are complete. Capitalized borrowing costs are amortized over the useful life of the related asset.

Major Maintenance and Repairs

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Company's profit or loss during the financial year in which they are incurred.

Subsequent Costs

The cost of replacing part of an item of equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its costs can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of equipment are recognized in the Company's profit or loss as incurred.

3. Summary of Significant Accounting Policies – (cont'd)

g) Mining Interest, Plant and Equipment – (cont'd)

Leased Equipment

Leased assets in which the Company receives substantially all of the risks and rewards of ownership of the asset are capitalized as finance leases at the lower of the fair value of the asset or the estimated present value of the minimum lease payments. The corresponding lease obligation is recorded within debt on the statement of financial position.

Assets under operating leases are not capitalized and rental payments are included in earnings based on the terms of the lease.

Derecognition

Upon sale or abandonment, the cost of the property, plant, and equipment and related accumulated depreciation or depletion, are removed from the accounts and any gains or losses thereon are included in operations.

Depreciation and Impairment

Mining interest, plant and equipment are subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses, with the exception of land which is not depreciated. Depletion of mine properties is charged on a unit-of-production basis over proven and probable reserves and resources expected to be converted to reserves. Currently the depletion base is approximately 10 years of expected production. Depreciation of plant and equipment and corporate office equipment, vehicles, software and leaseholds is calculated using the straight-line method, based on the lesser of economic life of the asset and the expected life of mine of approximately 10 years. Where components of an asset have different useful lives, depreciation is calculated on each separate part. Depreciation commences when an asset is available for use. At the end of the each calendar year estimates of proven and probable gold reserves and a portion of resources expected to be converted to reserves are updated and the calculations of amortization of mining interest, plant and equipment is prospectively revised.

The Company reviews and evaluates its mining interests, plant and equipment for impairment at least annually or when events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Impairment is considered to exist if the recoverable value of a cash generating unit is less than the carrying amount of the assets. An impairment loss is measured and recorded based on the greater of the cash generating unit's fair value less cost to sell or its value in use versus its carrying value. Future cash flows are estimated based on expected future production, commodity prices, operating costs and capital costs.

Mining interests, plant and equipment that have been impaired in prior periods are tested for possible reversal of impairment whenever events or changes in circumstances indicate that the impairment has reversed. If the impairment has reversed, the carrying amount of the asset is increased to its recoverable amount but not beyond the carrying amount that would have been determined had no impairment loss been recognized for the asset in the prior periods. A reversal of an impairment loss is recognized in the consolidated statement of operations.

3. Summary of Significant Accounting Policies – (cont'd)

h) Rehabilitation and Closure Cost Provision

The Company records a provision for the estimated future costs of rehabilitation and closure of operating and inactive mines and development projects, which are discounted to net present value using the risk free interest rates applicable to the future cash outflows. Estimates of future costs represent management's best estimates which incorporate assumptions on the effects of inflation, movements in foreign exchange rates and the effects of country and other specific risks associated with the related liabilities. The provision for the Company's rehabilitation and closure cost obligations is accreted over time to reflect the unwinding of the discount with the accretion expense included in finance costs in the Consolidated Statement of Operations and Comprehensive Income. The provision for rehabilitation and closure cost obligations is re-measured at the end of each reporting period for changes in estimates and circumstances. Changes in estimates and circumstances include changes in legal or regulatory requirements, increased obligations arising from additional mining and exploration activities, changes to cost estimates and changes to risk free interest rates.

Rehabilitation and closure cost obligations relating to operating mines and development projects are initially recorded with a corresponding increase to the carrying amounts of related mining properties. Changes to the obligations are also accounted for as changes in the carrying amounts of related mining properties, except where a reduction in the obligation is greater than the capitalized rehabilitation and closure costs, in which case, the capitalized rehabilitation and closure costs is reduced to nil and the remaining adjustment is included in production costs in the Consolidated Statement of Operations and Comprehensive Income. Rehabilitation and closure cost obligations related to inactive mines are included in production costs in the Consolidated Statement of Operations and Comprehensive Income on initial recognition and subsequently when re-measured.

i) Exploration and Evaluation Expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation ("E&E") expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying and sampling costs, drilling costs, payments made to contractors, geologists, consultants, and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to E&E activities, including general and administrative overhead costs, are expensed in the period in which they occur.

When a project is determined to no longer have commercially viable prospects to the Company, E&E expenditures in respect of that project are deemed to be impaired. As a result, those E&E expenditures, in excess of estimated recoveries, are written off to the Company's profit or loss.

The Company assesses E&E assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mines under construction". E&E assets are tested for impairment before the assets are transferred to development properties.

Any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

3. Summary of Significant Accounting Policies – (cont'd)

j) Financial Instruments

Financial instruments are classified as one of the categories below based upon the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Loans and Receivables

Loans and receivables are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue, and subsequently carried at amortised cost using the effective interest rate method, less any impairment losses.

Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in the profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

The Company's cash is accounted for at fair value and amounts receivable are all accounted for as loans and receivables.

Available-for-Sale

Non-derivative financial assets not included in the above category are classified as available-for-sale. Available-for-sale investments are carried at fair value with changes in fair value recognized in accumulated other comprehensive loss/ income. Where there is a significant or prolonged decline in the fair value of an available-for-sale financial asset, which constitutes objective evidence of impairment, the full amount of the impairment, including any amount previously recognized in other comprehensive loss/income is recognized in the Company's profit or loss. If there is no quoted market price in an active market and fair value cannot be readily determined, available-for-sale investments are carried at cost.

Purchases and sales of available-for-sale financial assets are recognized on a trade date basis. On sale or impairment, the cumulative amount recognized in other comprehensive loss/income is reclassified from accumulated other comprehensive loss/income to the Company's profit or loss.

Impairment of Financial Assets

At each reporting date, the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, there is objective evidence of impairment as a result of one or more events that has occurred subsequent to the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

3. Summary of Significant Accounting Policies – (cont'd)

j) Financial Instruments – (cont'd)

Financial Liabilities

Financial liabilities are classified as other financial liabilities, based on the purpose for which the liability was incurred, and comprised of trade and other payables, and loan payable. These liabilities are recognized at fair value, net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortised cost using the effective interest rate method. This ensures that, any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Trade and other payables & loan payable represent goods and services provided to the Company prior to the end of the period which are unpaid. Trade payable amounts are unsecured and are usually paid within 30 days of recognition.

Fair value hierarchy

Financial instruments recognized at fair value on the consolidated balance sheets must be classified into one of the three following fair value hierarchy levels:

Level 1 – measurement based on quoted prices (unadjusted observed in active markets) for identical assets or liabilities;

Level 2 – measurement based on inputs other than quoted prices included in Level 1, that are observable for the asset or liability;

Level 3 – measurement based on inputs that are not observable (supported by little or no market activity) for the asset or liability.

The Company's financial instruments recognized at fair value consist of short term investments having a fair value of $Nil (2017 – $4,005) measured in accordance with Level 1.

k) Income Taxes

Current tax and deferred taxes are recognized in the Company's profit or loss, except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the period end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

3. Summary of Significant Accounting Policies – (cont'd)

k) Income Taxes – (cont'd)

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilised. At the end of each reporting period, the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

l) Share Capital

Financial instruments issued by the Company are classified as equity, only to the extent that they do not meet the definition of a financial liability or asset. The Company's common shares, share warrants and share options are classified as equity instruments.

Incremental costs, directly attributable to the issue of new shares, warrants or options, are shown in equity as a deduction, net of tax, from proceeds.

m) Profit or Loss per Share

Basic profit or loss per share is computed by dividing the Company's profit or loss applicable to common shares by the weighted average number of common shares outstanding for the relevant period.

Diluted profit or loss per share is computed by dividing the Company's profit or loss applicable to common shares, by the sum of the weighted average number of common shares outstanding and all additional common shares that would have been outstanding if potentially dilutive instruments were converted at the beginning of the period.

n) Share-based Payments

Where equity-settled share options are awarded to employees or non-employees, the fair value of the options at the date of grant is charged to the Company's profit or loss over the vesting period. The number of equity instruments expected to vest at each reporting date, are taken into account so that the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modifications, is charged to the Company's profit or loss over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in the Company's profit or loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

3. Summary of Significant Accounting Policies – (cont'd)

n) Share-based Payments – (cont'd)

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the Company's profit or loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for effects of non-transferability, exercise restrictions and behavioural considerations.

All equity-settled share based payments are reflected in equity reserve, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in equity reserve is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and immediately recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period.

Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent that the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

Where vesting conditions are not satisfied and options are forfeited, the Company reverses the fair value amount of the unvested options which had been recognized over the vesting period.

o) New and Revised Accounting Standards

The following accounting standards have been issued or amended but are not yet effective. The Company has not early adopted these new and amended standards. The Company continues to evaluate the new standards but currently no material impact is expected as a result of the adoptions of these new and amended standards:

- IFRS 3 "Business Combination"
- IFRS 9 "Financial Instruments"
- IFRS 10 "Consolidated Financial Statements"
- IFRS 16 "Leases"
- IAS 12 "Income Taxes"
- IAS 23 "Borrowing Costs"
- IAS 28 "Investments in Associates and Joint Ventures"
- IFRIC 23 "Uncertainty over Income Tax treatments"

4. Critical Accounting Estimates and Judgments

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in accounting estimate is recognized prospectively by including it in the Company's profit or loss in the period of the change, if it affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the next financial year are discussed below:

a) Economic Recoverability and Profitability of Future Economic Benefits of Mining Interests

Management has determined that mining interests, evaluation, development and related costs incurred which have been capitalized are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit including geologic and metallurgic information, history of conversion of mineral deposits to proven and probable reserves, scoping and feasibility studies, accessible facilities, existing permits and life of mine plans.

b) Impairments

The Company assesses its mining interest, plant and equipment assets annually to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance.

c) Rehabilitation Provisions

Rehabilitation provisions have been created based on the Company's internal estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from period to period. Actual rehabilitation costs will ultimately depend on future market prices for the rehabilitation costs, which will reflect the market condition at the time that the rehabilitation costs are actually incurred. The final cost of the currently recognized rehabilitation provision may be higher or lower than currently provided.

The inflation rate applied to estimated future rehabilitation and closure costs is 3.5% and the discount rate currently applied in the calculation of the net present value of the provision is 8%.

4. Critical Accounting Estimates and Judgments – (cont'd)

d) Income Taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recuperated.

e) Share-based Payment

The Company measures the cost of equity-settled transactions with employees, and some with non-employees, by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant.

This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, expected forfeiture rate, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in the notes.

f) Mineral Reserves and Mineral Resource Estimates

Mineral reserves are estimates of the amount of ore that can be economically and legally extracted from the Company's mining properties. The Company estimates its mineral reserve and mineral resources based on information compiled by Qualified Persons as defined by Canadian Securities Administrators National Instrument 43-101 Standards for Disclosure of Mineral Projects. Such information includes geological data on the size, depth and shape of the mineral deposit, and requires complex geological judgments to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of commodity prices, future capital requirements, and production costs along with geological assumptions and judgments made in estimating the size and grade that comprise the mineral reserves. Changes in the mining reserve or mineral resource estimates may impact the carrying value of mineral properties and deferred development costs, property, plant and equipment, provision for site reclamation and closure, recognition of deferred income tax assets and depreciation and amortization charges.

(in thousands of Canadian dollars unless otherwise stated)

4. Critical Accounting Estimates and Judgments – (cont'd)

g) Units of production depletion

Estimated recoverable reserves are used in determining the depreciation of mine specific assets. This results in depreciation charges proportional to the depletion of the anticipated remaining life of mine production. Each item's life, which is assessed annually, has regard to both its physical life limitations and to present assessments of economically recoverable reserves of the mine property at which the asset is located. These calculations require the use of estimates and assumption, including the amount of recoverable reserves and estimate of future capital expenditure. Changes are accounted for prospectively.

5. Short-term Investments

The Company purchases Guaranteed Investment Certificate ("GIC") denominated in USD and Mexican Pesos ("MP") as Short-term Investments.

During the period ending April 30, 2018, the Company held $Nil (April 30, 2017 - $409) in regards to GIC denominated in USD. The Company also held $Nil (April 30, 2017 - $3,596) GIC denominated in MP.

6. Amounts Receivable

	April 30, 2018	April 30, 2017
Taxes receivable	**$ 1,941**	$ 1,911
San Pedrito sale (note 8)	**1,359**	2,644
Trades receivable	**-**	148
Other	**48**	74
	$ 3,348	$ 4,777

7. Inventory

	April 30, 2018	April 30, 2017
Carrying value of inventory:		
Doré	**$ 955**	$ 922
Goods in transit	**376**	429
Work-in-process	**662**	377
Concentrate	**595**	189
Stockpile	**118**	196
Supplies	**793**	808
	$ 3,499	$ 2,921

(in thousands of Canadian dollars unless otherwise stated)

8. Mining Interest, Plant and Equipment

	Mining Interest	Plant and Equipment Mining	Plant and Equipment Altiplano	Corporate Office Equipment	Total
Cost					
Balance, April 30, 2016	$ 70,018	$ 20,308	$ 6,327	$ 605	$ 97,258
Additions	484	2,034	119	72	2,709
Write-down of equipment	-	(37)	-	-	(37)
Disposal of San Pedrito	(5,249)	-	-	-	(5,249)
Effect of foreign exchange	7,795	1,394	559	-	9,748
Balance, April 30, 2017	73,048	23,699	7,005	677	104,429
Additions	902	2,720	78	15	3,715
Write-down of equipment	(5,000)	(1,925)	-	-	(6,925)
Effect of foreign exchange	(4,592)	(1,318)	(429)	-	(6,339)
Balance, April 30, 2018	**$ 64,358**	**$ 23,176**	**$ 6,654**	**$ 692**	**$ 94,880**
Depreciation					
Balance, April 30, 2016	$ 31,781	$ 8,516	$ -	$ 343	$ 40,640
Depreciation for the year	3,786	1,532	220	90	5,628
Effect of foreign exchange	4,090	1,142	8	-	5,240
Balance, April 30, 2017	39,657	11,190	228	433	51,508
Depreciation for the year	2,887	1,621	434	90	5,032
Write-down of equipment	-	(212)	-	-	(212)
Effect of foreign exchange	(2,232)	(680)	(12)	-	(2,924)
Balance, April 30, 2018	**$ 40,312**	**$ 11,919**	**$ 650**	**$ 523**	**$ 53,404**
Carrying amounts					
Balance, April 30, 2017	$ 33,391	$ 12,509	$ 6,777	$ 244	$ 52,921
Balance, April 30, 2018	**$ 24,046**	**$ 11,257**	**$ 6,004**	**$ 169**	**$ 41,476**

<u>Impairment on Mining Interest</u>

The Company considered that the carrying amount of its assets being higher than market capitalization of the Company at April 30, 2018 was an indicator of impairment. In determining the recoverable amounts of the Company's mining interests, the Company's management makes estimates of the discounted future cash flows expected to be derived from the Company's mining properties, costs to sell the mining properties and the appropriate discount rate. The projected cash flows are significantly affected by changes in assumptions about gold's selling price, future capital expenditures, changes in the amount of recoverable reserves, resources, and exploration potential, production cost estimates, discount rates and exchange rates. Based on the calculation, at April 30, 2018, management has decided to record an impairment of $5,000 on the San Martin Project. The key assumptions used for assessing the recoverable amount are gold price of USD $1,300/oz and a discount rate of 9%.

Management has also determined that the CIL plant constructed in 2016 is no longer useful in the operations of the San Martin mine in Queretaro, Mexico. While this plant has a value as a functioning carbon leach plant and has operated to process third party carbon concentrates, the Company cannot guarantee its usefulness in the future or the ability to attract third party carbon concentrates for processing. As a result, management has decided to write down the plant to $nil value and record an impairment of the book value of $1,713 to the Statements of Operations and Comprehensive Income (Loss).

(in thousands of Canadian dollars unless otherwise stated)

8. Mining Interest, Plant and Equipment – (cont'd)

Sale of San Pedrito

On March 21, 2017, the Company finalized the sale of its San Pedrito Property, a non-core asset located in Queretaro, Mexico for MXN$ 192,784,331. The San Pedrito property was part of Starcore's original acquisition in 2007, when the Company acquired the San Martin Mine from Goldcorp for US$26 million. The disposition of San Pedrito was recorded during the prior year ended April 30, 2017 and a gain of $7,128 was reported on the Statement of Operations and Comprehensive Income (Loss). The Company has recorded an allowance for MXN$15.0 million for amounts that management has deemed uncertain for collectability.

Details of the transaction are as follows: Total surface area sold covers 74.0831.544 hectares (740,831.544 square meters) sold at $250 pesos per square meter. Payments are staged as follows:

Surface Area in hectares (ha)	Equivalent in square meters (sm)	Mexican Pesos(4)	Canadian Dollars(2)(4)	Status
55.068 ha	550,685.485 sm	MXN$ 137,671,371	C$ 9,640,852	
Interest Received		MXN$ 7,576,445	C$ 530,563	
		MXN$ 145,247,816	**C$ 10,171,415**	**Payment received**
Parcel of 12 ha(1)	120,000.000 sm	MXN$ 30,000,000	C$ 2,100,840	Pending clearance
Parcel of 2.014 ha(1)	20,146.059 sm	MXN$ 5,036,515	C$ 352,697	Pending clearance
Parcel of 5 ha	50,000.000 sm	MXN$ 12,500,000	C$ 832,731(3)	Payment received

(1) The remaining two parcels await various confirmations from different local and federal authorities. As the Company receives these confirmations, the buyer will immediately remit the corresponding payment for each parcel of land. It is expected that these clearances will be confirmed within the next 6 months.
(2) Based on exchange rate of 14.28 Pesos/CAD$ as at close of March 21, 2017.
(3) Based on exchange rate of 15.01 Pesos/CAD$ on the actual date of collection on November 8, 2017.
(4) Amounts are not rounded to the nearest thousand.

Altiplano Facility

On August 5, 2015, the Company acquired Cortez Gold Corp. ("Cortez") (TSXV: CUT) in an all-share transaction completed pursuant to a court approved Plan of Arrangement under the Business Corporations Act (British Columbia). Pursuant to the acquisition, the purchase price was allocated based on management's best estimates and assumptions, after taking into account all relevant information available. As a result, apart from working capital allocations, $6,094 was allocated to plant, machinery and equipment. The Altiplano Plant is a facility which processes third party gold and silver concentrate in Matehuala, Mexico.

The Company's management determined the commencement of commercial production to begin on November 1, 2016. As a result, prior to commencement of commercial production, all of the pre-operational costs and any test production revenue were capitalized to Plant costs. Subsequent to November 1, 2016, the consolidated statements of operations include the operating revenues and expenses from the Altiplano operations.

9. Exploration and Evaluation Assets

a) American Consolidated Minerals ("AJC") properties

Pursuant to the Acquisition of AJC, the Company has acquired the rights to three exploration properties as follows:

i) *Lone Ranch, U.S.A*

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 USD$360 (payable over 5 years commencing October 19, 2018), and the Company must incur total exploration expenditures of USD$1,225 (USD$175 incurred) on the property, by the third anniversary of October 19, 2018 as agreed by MinQuest. Annual payments commencing October 19, 2018 are $60, $80, $100, and $170 respectively.

These payment requirements will commence earlier should the Company enter into a joint venture agreement over the property or complete 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 USD$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.

ii) *Toiyabe, U.S.A*

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 USD$900 (payable over 5 years commencing October 19, 2018) and the Company must incur total exploration expenditures of USD$1,025 (incurred) on the property, by the fifth anniversary of October 19, 2018 as agreed by MinQuest. Annual payments commencing October 19, 2018 are $60, $80, $100, $120, $140 and $400 respectively.

These payment requirements will commence earlier should the the Company enter into a joint venture agreement over Toiyabe or complete 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 USD $2,000 per each 1% of the royalty.

iii) *Sierra Rosario, Mexico*

The Company acquired a 100% interest in the 978-hectare Sierra Rosario Property, over 2 claims that are located in the state of Sinaloa, Mexico ("Sierra Rosario").

During the current year ended April 30, 2018, the Company entered into an agreement to sell the claims of the Sierra Rosario property. The Company received proceeds of $128 ($100 USD) over a six month period. The excess of property costs over the recovered amount of $1,013 was recognized as a loss on disposal of exploration and evaluation assets in the Statement of Profit or Loss and Other Comprehensive Income (Loss).

9. Exploration and Evaluation Assets – (cont'd)

b) Creston Moly ("Creston") properties

i) *El Creston Project, Mexico*

The Company acquired a 100% interest in the nine mineral claims known as the El Creston molybdenum property located northeast of Hermosillo, State of Sonora, Mexico, which has completed a Preliminary Economic Assessment on the property based on zones of porphyry-style molybdenum ("Mo")/copper ("Cu") mineralization. The mineral concessions are subject to a 3% net profits interest.

ii) *Ajax Project, Canada*

The Company acquired a 100% interest in six mineral claims known as the Ajax molybdenum property located in B.C.

iii) *Molybrook Project, Canada*

The Company owns 100% of the 44 mineral claims of the Moly Brook molybdenum property, located on the southern coast of Newfoundland. The Moly Brook property is subject to a 2% NSR, of which 1.5% can be purchased by the Company for $1,500.

During the year ended April 30, 2016, the Company reduced its claims to focus of the core project and to reduce its holding costs.

c) Santa Fe property

On November 21, 2017, the Company announced it had entered into a Letter of Intent ("LOI") with third parties to acquire approximately 21,000 hectares located in the state of Sinaloa, Mexico, more commonly known as the Santa Fe Project ("Santa Fe" or the "Property").

Subsequent to the year ended April 30, 2018, the Company announced that it has completed its due diligence and review of the Santa Fe Project and will not be proceeding with the proposed acquisition. The Company has no further obligations on Santa Fe property and costs of $433 associated with the property, as well as other properties being investigated, were expensed as property investigation costs in the current year.

(in thousands of Canadian dollars unless otherwise stated)

9. Exploration and Evaluation Assets – (cont'd)

	AJC Properties	Creston Properties	Santa Fe Property	Total
Acquisition costs:				
Balance, April 30, 2016	$ 1,083	$ 2,001	$ -	$ 3,084
Effect of foreign exchange	131	-	-	131
Balance, April 30, 2017	1,214	2,001	-	3,215
Property disposition	(970)	-	-	(970)
Recovery on disposal of E&E Asset	(128)	-	-	(128)
Effect of foreign exchange	(80)	-	-	(80)
Balance, April 30, 2018	36	2,001	-	2,037
Exploration costs:				
Balance, April 30, 2016	121	659	-	780
Assays	82	-	-	82
Exploration cost	96	-	-	96
Drilling	1,288	-	-	1,288
Geological	178	139	-	317
Legal fees	-	41	-	41
Maintenance	56	189	-	245
Effect of foreign exchange	(109)	-	-	(109)
Balance, April 30, 2017	1,712	1,028	-	2,740
Exploration cost	23	-	-	23
Drilling	18	-	-	18
Geological	31	13	45	89
Legal fees	-	15	-	15
Maintenance	62	274	-	336
Property disposition	(37)	-	(45)	(82)
Effect of foreign exchange	-	1	-	1
Balance, April 30, 2018	$ 1,809	$ 1,331	$ -	$ 3,140
Total Exploration and Evaluation Assets				
Balance, April 30, 2017	$ 2,926	$ 3,029	$ -	$ 5,955
Balance, April 30, 2018	**$ 1,845**	**$ 3,332**	**$ -**	**$ 5,177**

(in thousands of Canadian dollars unless otherwise stated)

10. Loan payable

During the year ended July 31, 2015, the Company secured a $1,305 (USD $1,000) loan with a lender, bearing interest at 8% per annum, compounded annually.

The full principal of $1,213 plus accrued interest of $311 for a total of $1,524 on the loan was repaid to the lender during the year ended April 30, 2018.

During the current year ended April 30, 2018, the Company secured an additional $1,283 (USD $1,000) loan ("Loan") with a lender. The Loan is secured against certain assets of the Company and bears interest at 8% per annum, compounded and paid annually. The full principal plus accrued interest on the loan shall be repayable to the lender on October 25, 2019.

On November 17, 2015, the Company completed a private placement of secured bonds in the aggregate principal amount of $4,500 ("the Bonds"). The Bonds carried interest of 8% per annum, payable on November 12, 2016 and were secured against all of the Company's asset that ranks pari passu with the existing debt obligations of the Company. During the year ended April 30, 2017, the bonds were extended by 6 months to May 12, 2017. On April 12, 2017, the Company elected an early repayment of the Bonds in the aggregate principal amount of $4.5 million.

Changes to the loan payable balance during the year ended April 30, 2018 and the year ended April 30, 2017, are as follows:

	Principal	Interest	Discount	Total
Balance, April 30, 2016	$ 5,754	$ 282	$ (48)	$ 5,988
Repayment on debt	(4,500)	(538)	48	(4,990)
Interest accrual	-	536	-	536
Foreign exchange adjustment	112	-	-	112
Balance, April 30, 2017	1,366	280	-	1,646
Financing, October 25, 2017	1,283	-	-	1,283
Repayment on debt	(1,213)	(311)	-	(1,524)
Interest accrual	-	83	-	83
Foreign exchange adjustment	(154)	-	-	(154)
Balance, April 30, 2018	**$ 1,282**	**$ 52**	**$ -**	**$ 1,334**

	April 30, 2018	April 30, 2017
Current	**$ -**	$ 1,646
Non-Current	**1,334**	-
	$ 1,334	$ 1,646

Subsequent to the year ended April 30, 2018, the Company completed a private placement of secured bonds in the aggregate principal amount of $3,000 bond (see note 19).

(in thousands of Canadian dollars unless otherwise stated)

10. Loan payable – (cont'd)

The Company's financing costs for the year ended April 30, 2018 and April 30, 2017 as reported on its Consolidated Statement of Operations and Comprehensive Income (Loss) can be summarized as follows:

For the year ended April 30,		**2018**		2017
Unwinding of discount on rehabilitation and closure accretion (note 11)	$	64	$	80
Discount unwinding on debt repaid		-		48
Extension fee		-		45
Interest expense on debt		83		536
Interest revenue		(86)		(83)
	$	61	$	626

11. Rehabilitation and Closure Cost Provision

The Company's asset retirement obligations consist of reclamation and closure costs for the mine. At April 30, 2018, the present value of obligations is estimated at $1,162 (2017 - $1,131) based on expected undiscounted cash-flows at the end of the mine life of MXN$ 18,729 or $1,280 (2017 - $1,347), which is calculated annually over 5 to 10 years. Such liability was determined using a discount rate of 8% (2017 – 8%) and an inflation rate of 3.5% (2017 – 3.5%).

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 year are as follows:

		April 30, 2018		April 30, 2017
Balance, beginning of year	**$**	**1,131**	$	1,091
Accretion expense		**64**		80
Foreign exchange fluctuation		**(33)**		(40)
Balance, end of year	**$**	**1,162**	$	1,131

(in thousands of Canadian dollars unless otherwise stated)

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 year ended April 30, 2018, the Company:

- Completed a non-brokered private placement to an officer and director of the Company through the issuance of 500,000 units at a price of $0.25 per unit for gross proceeds of $125. Each unit is comprised of one common share of Starcore and one-half of one transferable common share purchase warrant, each whole warrant exercisable for a period of four years from the date of issue to purchase one common share of Starcore at a price of $0.30 per share.

  The Company calculated the fair value of the share component to be the lesser of the market price for the shares on the date of grant, which was $0.24 per share, and the offering price, which was $0.25 per unit. The shares, therefore, had a market price of $0.24 per share or $120 and the fair value of the warrants was calculated as the difference of $5. As such, share capital was increased by $120 and equity reserve increased by $5.

During the year ended April 30, 2017, the Company did not issue any common shares.

b) Warrants

A summary of the Company's outstanding share purchase warrants at April 30, 2018 and 2017 and the changes during the year ended is presented below:

	Number of warrants	Weighted average exercise price
Outstanding at April 30, 2016	139,284	$ 1.20
Warrants expired	(139,284)	1.20
Outstanding at April 30, 2017	-	-
Warrants issued	250,000	0.30
Outstanding at April 30, 2018	250,000	$ 0.30

(in thousands of Canadian dollars unless otherwise stated)

12. Share Capital – (cont'd)

b) Warrants - (cont'd)

A summary of the Company's outstanding share purchase warrants is presented below:

Number of Warrants	Exercise Price	Expiry Date
250,000	$0.30	March 7, 2022

c) 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 stock outstanding. In January 2014, the Company's shareholders voted to cancel the Company's 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.

The following is a summary of changes in options for the years ending April 30, 2018 and 2017:

	Number of Shares	Weighted Average Exercise Price
Balance at April 30, 2016	2,846,250	$1.07
Forfeited/expired	(1,497,500)	1.23
Balance at April 30, 2017	1,348,750	0.90
Forfeited	(400,000)	0.94
Outstanding and Exercisable at April 30, 2018	948,750	$0.88

The following is a summary of the Company's outstanding and exercisable options at April 30, 2018:

Number Outstanding	Weighted Average Exercise Price	Weighted Average Life
50,000	$1.00	0.37
50,000	$0.80	0.31
50,000	$0.92	0.35
798,750	$0.88	0.71
948,750	$0.88	0.65

(in thousands of Canadian dollars unless otherwise stated)

12. Share Capital – (cont'd)

d) Deferred Share Units ("DSU") & Restricted Share Units ("RSU")

Effective August 1, 2016, The Board of Directors has approved the adoption of a Restricted Share Unit and Deferred Share Unit Plan (the "RSU/DSU Plan") as part of the Company's compensation arrangements for directors, officers, employees or consultants of the Company or a related entity of the Company.

Although the RSU/DSU Plan is share-based, all vested RSUs and DSUs will be settled in cash. No common shares will be issued.

RSU

The RSU plan is for eligible members of the Board of Directors, eligible employees and eligible contractors. The RSUs will vest over a period of three years from the date of grant, vesting as to one-third at the end of each calendar year. In addition to the vesting period, the Company has also set Performance Conditions that will accompany vested RSUs.

The Performance Conditions to be met are established by the Board at the time of grant of the RSU. RSUs that are permitted to be carried over to the succeeding years shall expire no later than August 1st of the third calendar year after the year in which the RSUs have been granted, and will be terminated to the extent the performance objectives or other vesting criteria have not been met. The RSU share plan transactions during the period were as follows:

	Number of Share Units
Outstanding at April 30, 2016	-
Granted	961,000
Cancelled	(204,000)
Outstanding at April 30, 2017	757,000
Granted	705,000
Exercised	(178,750)
Cancelled	(42,000)
Outstanding at April 30, 2018	1,241,250

Management has determined that 50% of the RSU's will be deemed payable on the vesting dates based on current performance criteria measures. As such only 50% of the RSU's have been valued at fair value of $0.195 per share. The liability portion for the year ended April 30, 2018 is $70 which has been included under Trades and Other Payables on the Statement of Financial Position.

(in thousands of Canadian dollars unless otherwise stated)

12. Share Capital – (cont'd)

d) Deferred Share Units ("DSU") & Restricted Share Units ("RSU") – (cont'd)

DSU

The Company introduced a DSU plan for eligible directors. The DSUs are paid in full in the form of a lump sum payment no later than August 1st of the calendar year immediately following the calendar year of termination of service.

DSU Awards going forward will vest on each anniversary date of the grant over a period of 3 years. The DSU share plan transactions during the period were as follows:

	Number of Share Units
Outstanding at April 30, 2016	-
Granted	760,000
Exercised	(20,000)
Cancelled	(140,000)
Outstanding at April 30, 2017	600,000
Granted	410,000
Outstanding at April 30, 2018	1,010,000

On August 1, 2017, the Company granted 410,000 DSUs to eligible directors. Based on the fair value of $0.195 per share, the Company has recorded a liability of $136 under Trades and Other Payable on the Statement of Financial Position.

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 material differences between the carrying values and the fair values of any other 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.

(in thousands of Canadian dollars unless otherwise stated)

13. Financial Instruments – (cont'd)

a) 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 April 30, 2018, the Company had the following financial assets and liabilities denominated in CAD and denominated in MXN$:

In '000 of		CAD		MXN$
Cash	$	245	MP	8,305
Other working capital amounts - net	$	(188)	MP	44,441

At April 30, 2018, US dollar amounts were converted at a rate of $1.2821 Canadian dollars to $1 US dollar and MP were converted at a rate of MP18.78 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 $1,996. A 10% increase or decrease in the MP exchange rate will decrease or increase annual earnings from mining operations by approximately $487.

b) 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:

(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.

c) 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 April 30, 2018 is $2,321 (2017- $5,558) and $Nil (2017 - $4,005), respectively. Cash of $974 (2017- $1,982) and short-term investments of $Nil (2017- $3,596) are held at a Mexican financial institution, cash of $23 (2017– $3) are held at a US financial institution and the remainder of $1,324 (2017- $3,573) and the short-term investment of $Nil (2017- $409) are held at a chartered Canadian financial institution; the Company is exposed to the risks of those financial institutions. The taxes receivable are comprised of Mexican VAT taxes receivable of $1,907 and GST receivable of $34, which are subject to review by the respective tax authority, and $1,359 related to amount owed from the sale of its San Pedrito Property (note 8).

(in thousands of Canadian dollars unless otherwise stated)

13. Financial Instruments – (cont'd)

d) 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 April 30, 2018, the Company was holding cash of $2,321 (2017 - $5,558) and short-term investments of $Nil (2017 - $4,005).

Obligations due within twelve months of April 30,	2018	2019	2020	2021	2022 and beyond
Trade and other payables	$ 4,774	$ -	$ -	$ -	$ -
Current portion of loan payable	-	1,334	-	-	-
Reclamation and closure obligations	$ -	$ -	$ -	$ -	$ 1,280

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.

e) Commodity Risk

Mineral prices and marketability fluctuate and any decline in mineral prices may have a negative effect on the Company. Mineral prices, particularly gold and silver prices, have fluctuated widely in recent years. The marketability and price of minerals which may be produced and sold by the Company will be affected by numerous factors beyond the control of the Company. These other factors include delivery uncertainties related to the proximity of its resources to processing facilities and extensive government regulations related to price, taxes, royalties, allowable production land tenure, the import and export of minerals and many other aspects of the mining business. Declines in mineral prices may have a negative effect on the Company. A 10% decrease or increase in metal prices may result in a decrease or increase of $2,781 in revenue and net income.

14. Commitments and related party transactions

Except as disclosed elsewhere in these consolidated financial statements, the Company has the following commitments outstanding at April 30, 2018:

a) As at April 30, 2018, the Company has shared lease commitments for office space of approximately $144 per year, expiring at various dates up to April 2020, which includes minimum lease payments and estimated taxes, but excluded operating costs, taxes and utilities, to expiry.

b) As at April 30, 2018, the Company has a land lease agreement commitment with respect to the land at the mine site, for $132 per year until December 2018. The Company also has ongoing commitments on the exploration and evaluation assets of approximately $220 per year increasing over the next 5 years for the AJC properties (see Note 9).

c) As at April 30, 2018, the Company has management contracts to officers and directors totaling $600 per year, payable monthly, expiring in January 2020 and US$315 per year, payable monthly, expiring in August 2021.

(in thousands of Canadian dollars unless otherwise stated)

14. Commitments and related party transactions – (cont'd)

The Company paid the following amounts to key management and directors in the years:

For the year ended April 30,		**2018**		2017
Management fees	**$**	**1,112**	$	958
Legal fees		**64**		116
Directors fees		**86**		187
Total	**$**	**1,262**	$	1,261

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 and there were no changes to the capital management in the year ended April 30, 2018.

16. Earnings per Share

The Company calculates the basic and diluted income (loss) per share using the weighted average number of shares outstanding during each year 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 income (loss) per share, being the weighted average number of shares, is calculated as follows:

For the years ended	**April 30, 2018**	**April 30, 2017**
Issued common share, beginning of year	**49,146,851**	**49,146,851**
Weighted average issuances	**73,973**	**-**
Basic weighted average common shares	**49,220,824**	**49,146,851**
Effect of dilutive warrants and options	**-**	**-**
Diluted weighted average common shares	**49,220,824**	**49,146,851**

Vested share purchase options totalling 948,750 at April 30, 2018 (2017 - 1,348,750) and share purchase warrants totaling 250,000 (2017 – Nil) were not included in the computation of diluted earnings per share as the effect was anti-dilutive.

(in thousands of Canadian dollars unless stated otherwise)

17. Segmented Information

The Company operates in three reportable geographical and one operating segment. Selected financial information by geographical segment is as follows:

	Mexico				Canada	USA	April 30, 2018
	Bernal	**Altiplano**	**Other**	**Total**			**Total**
Revenue							
Mined Ore	$ 21,005	$ -	$ -	$ 21,005	$ -	$ -	**$ 21,005**
Purchase Concentrate	3,976	2,826	-	6,802	-	-	**6,802**
Cost of sales:							
Mined Ore	(20,532)	-	(140)	(20,672)	-	-	**(20,672)**
Purchase Concentrate	(3,654)	(3,496)	-	(7,150)	-	-	**(7,150)**
Depreciation	(4,492)	(421)	-	(4,913)	-	-	**(4,913)**
Earnings (loss) from operations	(3,697)	(1,091)	(140)	(4,928)	-	-	**(4,928)**
Corporate costs and taxes	4,343	294	(409)	4,228	(3,586)	12	**654**
Write off Mining Interest	(6,713)	-	-	(6,713)	-	-	**(6,713)**
Disposal of Exploration and Evaluation	(1,079)	-	118	(961)	-	(52)	**(1,013)**
Earnings (loss) for the year	(7,145)	(797)	(432)	(8,374)	(3,586)	(40)	**(12,000)**
Mining interest, plant and equipment	35,302	6,005	1	41,308	168	-	**41,476**
Total assets	$ 48,614	$ 8,095	$ 3,930	$ 60,639	$ 3,537	$ 2,150	**$ 66,326**

	Mexico			Canada	USA	April 30, 2017
	Bernal	**Altiplano**	**Total**			**Total**
Revenue						
Mined Ore	$ 24,642	$ -	$ 24,642	$ -	$ -	**$ 24,642**
Purchase Concentrate	418	2,168	2,586	-	-	**2,586**
Cost of sales:						
Mined Ore	(18,641)	-	(18,641)	-	-	**(18,641)**
Purchase Concentrate	(287)	(1,864)	(2,151)	-	-	**(2,151)**
Depreciation	(5,360)	(250)	(5,610)	-	-	**(5,610)**
Earnings (loss) from operations	772	54	826	-	-	**826**
Corporate costs and taxes	3,302	(308)	2,994	(3,707)	(19)	**(732)**
Sale of San Pedrito	7,128	-	7,128	-	-	**7,128**
Earnings (loss) for the year	11,202	(254)	10,948	(3,707)	(19)	**7,222**
Mining interest, plant and equipment	45,899	6,777	52,676	245	-	**52,921**
Total assets	61,401	11,165	72,566	7,559	1,971	**82,096**

(in thousands of Canadian dollars unless stated otherwise)

17. Segmented Information - (cont'd)

During the years ended April 30, 2018 and 2017, the Company earned all of its revenues from two customers. As at April 30, 2018, the Company does not consider itself to be economically dependent on these customers as transactions with these parties can be easily replaced by transactions with other parties on similar terms and conditions. The balance owing from these customers on April 30, 2018 was $Nil (2017 - $148).

18. Income Taxes

Current and deferred income tax expenses differ from the amount that would result from applying the Canadian statutory income tax rates to the Company's earnings before income taxes. This difference is reconciled as follows:

For the periods ended		**April 30, 2018**		April 30, 2017
(Loss) Earnings before income taxes	**$**	**(17,945)**	$	4,361
Income tax expense (recovery) at statutory rate		**(5,981)**		1,134
Difference from higher statutory tax rates on earnings of foreign subsidiaries		**(917)**		-
Permanent Difference		**-**		(1,286)
Effect of Mexican mining royalty tax (SMD) on deferred income tax liabilities		**(375)**		(3,568)
Recognition of previously unrecognized non-capital loss carry forward and other deductible tax benefits		**1,328**		859
Income tax (recovery) expense	**$**	**(5,945)**	$	(2,861)

In September 2017, the British Columbia (BC) Provincial Government of Canada proposed changes to the general corporate income tax rate to increase the rate from 11% to 12% effective January 1, 2018 and onwards. This change in tax rate was substantively enacted on October 26, 2017. The relevant deferred tax balances have been measured to reflect the increase in the Company's combined Federal and Provincial (BC) general corporate income tax rate from 26% to 27%.

The significant components of the Company's deferred income tax assets and liabilities are as follows:

		April 30, 2018		April 30, 2017
Deferred income tax assets (liabilities):				
Mining interest, plant and equipment	**$**	**(4,235)**	$	(7,805)
Payments to defer		**(172)**		(31)
Insurance		**(14)**		(14)
Reclamation and closure costs provision		**956**		1,018
Exploration assets		**(368)**		(346)
Expenses reserve		**255**		146
Pension-fund reserve		**200**		121
Deferred mining tax		**(1,193)**		(1,670)
Non-capital losses and other deductible tax benefits		**5,316**		4,682
Sale on San Pedrito		**-**		(2,138)
Other		**(748)**		(723)
Deferred income tax liabilities, net	**$**	**(3)**	$	(6,460)

(in thousands of Canadian dollars unless otherwise stated)

18. Income Taxes – (cont'd)

		April 30, 2018		April 30, 2017
Non-Capital losses	**$**	**7,580**	$	19,375
Property and equipment		**-**		1,585
Exploration and evaluation assets		**22,497**		30,077
	$	**30,077**	$	24,637

The Non-Capital losses are set to expire between 2026 and 2038 while the remaining loss carry forwards have no set expiry date. In accordance with Mexican tax law, Bernal is subject to income tax. Income tax is computed taking into consideration the taxable and deductible effects of inflation, such as depreciation calculated on restated asset values. Taxable income is increased or reduced by the effects of inflation on certain monetary assets and liabilities through an inflationary component.

Mexico Tax Reform

During December 2013, the 2014 Tax Reform (the "Tax Reform") was published in Mexico's official gazette with changes taking effect January 1, 2014. The Tax Reform included the implementation of a 7.5% Special Mining Duty ("SMD") and a 0.5% Extraordinary Mining Duty ("EMD"). The Company has taken the position that SMD is an income tax under IAS 12 *Income tax*, as it is calculated based on a form of earnings before income tax less certain specified costs. The EMD is a calculation based on gross revenue and is therefore not considered an income tax. Both the SMD and EMD will be deductible for income tax purposes.

Management is currently disputing the SMD, in a joint action lawsuit with other Mexican mining companies, with the applicable Mexican government authority. Management believes that the SMD is unconstitutional and should be overturned. In accordance with IFRS reporting standards, however, the estimated effect of the SMD has been accrued to the current and deferred income tax provisions as stated above. Should the Company be successful in overturning the SMD, in whole or in part, the accrued tax liabilities stated above will be reversed to recovery of income taxes in the applicable period.

19. Subsequent event

On June 18, 2018, the Company completed a private placement of secured bonds in the aggregate principal amount of $3,000(the "Bonds"). The Bonds bear interest at 8% per annum, payable on maturity, and mature on June 18, 2020. The Bonds are secured by a charge over all of the Company's and its subsidiaries assets.

The Company has issued 3,000,000 warrants to the bond holders, each warrant entitling the bond holders to acquire one share of Starcore at a price of $0.20, expiring on June 18, 2021.

The proceeds from the sale of the Bonds will be added to general working capital.

“Our aim is to be the preferred choice of investment when recommending a company who invests in social good, sustainable initiatives and gold mining in Mexico.”

Robert Eadie
PRESIDENT AND CEO

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