



***MANAGEMENT DISCUSSION & ANALYSIS***  
For the period ended October 31, 2023

***Directors and Officers as at December 12, 2023:***

***Directors:***

**Pierre Alarie**  
**Gary Arca**  
**Robert Eadie**  
**Jordan Estra**  
**Salvador Garcia**  
**Tanya Lutzke**  
**Federico Villaseñor**

***Officers:***

***Executive Chairman and Chief Executive Officer*** – Robert Eadie  
***President*** – Pierre Alarie  
***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 period ended October 31, 2023

1. **Date of This Report**

*This MD&A is prepared as of December 12, 2023.*

This Management Discussion and Analysis (“MD&A”) should be read in conjunction with the unaudited consolidated financial statements of Starcore International Mines Ltd. (“Starcore”, or the “Company”) for the period ended October 31, 2023.

**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, mine site costs; 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 subsidiary, Compañía Minera Peña de Bernal, S.A. de C.V. (“Bernal”), which owns the San Martin mine in Queretaro, 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 and West Africa directly and through corporate acquisitions. The Company has interests in properties which are exclusively located in Mexico, Canada and Côte D’Ivoire.

### *Financial Highlights for the period ended October 31, 2023:*

- Cash and short-term investments on hand is \$4.7 million at October 31, 2023 compared to \$6.4 million at April 30, 2023;
- Gold and silver sales of \$6.0 million for the three months ended October 31, 2023 compared to \$4.8 million for the three months ended October 31, 2022;
- Earnings from mining operations of \$0.2 million for the three months ended October 31, 2023 compared to loss of \$0.1 million for the three months ended October 31, 2022;
- Loss of \$1 million for the three months ended October 31, 2023 compared to a loss of \$1.8 million for the three months ended October 31, 2022;
- Equivalent gold production of 2,420 ounces in the three months ended October 31, 2023 compared to production of 2,452 ounces in the three months ended October 31, 2022;
- Mine operating cash cost is US\$1,690/EqOz for the three months ended October 31, 2023 compared to cost of US\$1,546/EqOz for the three months ended October 31, 2022;
- All-in sustaining costs of US\$2,247/EqOz for the six month period ended October 31, 2023, compared to costs of US\$1,795/EqOz for the period ended October 31, 2022;
- EBITDA<sup>(1)</sup> of \$(1,114) for the six month period ended October 31, 2023, compared to \$78 for the period ended October 31, 2022.

### **Reconciliation of Net Income to EBITDA<sup>(1)</sup>**

<b>For the six month period ended October 31,</b>	<b>2023</b>	<b>2022</b>
Net income (loss)	\$ (2,736)	\$ (2,432)
Unrealized loss on investment	271	123
Income tax expense (recovery)	112	454
Depreciation and depletion	1,239	1,933
<b>EBITDA</b>	<b>\$ (1,114)</b>	<b>\$ 78</b>
<b>EBITDA MARGIN<sup>(2)</sup></b>	<b>(9.1%)</b>	<b>1.6%</b>

(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 Events*

#### **Starcore Completes 2023 Exploration at its Ajax Property, Golden Triangle Area, British Columbia**

The Company has completed the field component of the 2023 exploration program at the 100%-owned Ajax Property located 12 km north of Alice Arm in northwestern B.C. at the southern end of the mineral belt known as the “Golden Triangle”. The Company contracted Auracle Geospatial Science Inc. to complete a subsurface structural interpretation and an apparent resistivity study of the Ajax Property using satellite borne radar imaging. This imaging penetrates ground cover and assists in delineating bedrock formations, geological structures and potential mineralizing faults. The results of the

work generated several targets that will continue to be explored on the property and used to supplement detailed geological mapping. Field work has focused on the continued discovery of regular, mineralized quartz veins peripheral to the porphyry system. These veins appear to be what brought early exploration to the property, beginning during the mid-1920's, prior to the discovery of the large molybdenum porphyry system, and present an attractive target for precious metals mineralization.

The 1,718 hectares Ajax property was acquired by Starcore in 2015 through its purchase of Creston Moly Corp. and its subsidiary Tenajon Resources Corp. The property hosts the large Ajax porphyry molybdenum developed prospect that has been tested by 48 drill holes, beginning in the mid 1960's. The secure drill core from the 2005, 2006 and 2007 drilling programs was selectively resampled during the 2023 fieldwork and will be assayed for additional elements including gold, silver, cobalt, tungsten and rhenium. The drill core was also sampled by the British Columbia Geological Survey for critical mineral assays, fluid inclusion and age of mineralization work. Results are expected to be released in January, 2024.

The Ajax property is located approximately 12 km to the south south-east of Dolly Varden Silver, 7 km south of Big Bulk, 17 km east of Goliath Resources Golddigger/Surebet property. The Ajax is located within 1 to 3 km of the Triassic - Jurassic contact, termed the Red Line in this area, near which many of the Golden Triangle's mineralized systems occur.

Ian Webster P.Geol. is the Qualified Person, as defined by National Instrument 43-101, who has reviewed and approved the technical contents of this release.

### **Starcore Embarks on Geopolitical Diversification with Côte d'Ivoire Acquisition**

On October 12, 2023, the Company received shareholder approval for the Share Exchange Agreement with EU Gold Mining Inc. ("EU Gold"), a private company holding mineral property interests in Côte d'Ivoire, whereby Starcore will acquire all of the issued and outstanding shares of EU Gold in exchange for Starcore shares. The agreement is currently subject to Regulatory Approval.

#### ***The Share Exchange***

Starcore will be issuing 7,883,333 shares to acquire the EU Gold shares. This will represent approximately 12.4% of the post-acquisition issued and outstanding shares of Starcore. Included in the shares issued to EU Gold shareholders will be 3,000,000 shares of Starcore issued to current management and directors of Starcore who hold an interest in EU Gold. (*See "Other" below.*)

The calculation of shares to be issued was based on two-thirds of one Starcore share for each one EU share, with a VWAP for Starcore at \$0.15 applied to EU Gold shares. As at the date of the Share Exchange Agreement, EU Gold had approximately \$630,000 of working capital to be used for its first-year exploration program.

#### ***Why EU Gold***

The acquisition of EU Gold is Starcore's gateway into a project more commonly known as the Kimoukro Gold Project located in the West African country of Côte d'Ivoire (the "Kimoukro Project"). By acquiring EU Gold, Starcore assumes all of the rights and obligations contained in a Mineral Property Option Agreement that EU Gold entered into with K Mining SARL ("K Mining"), an Ivorian gold exploration company in Abidjan, Côte d'Ivoire. K Mining owns four gold exploration permit applications covering 830 km<sup>2</sup>, which includes the Kimoukro Project which covers 14.48 km<sup>2</sup>.

With the Share Exchange, EU Gold will become a wholly-owned subsidiary of Starcore, giving Starcore the sole and exclusive right and option (the "Option") to acquire from K Mining all of its right, title and interest in and to the Kimoukro Project. The Option calls for the following consideration: (i) payment to K Mining of an aggregate of \$400,000; (ii) issue to K Mining of 8,666,667 shares of Starcore; and (iii) incur an aggregate of US\$3,750,000 of expenditures on the Kimoukro Project (collectively the "Option Price"), in accordance with the following schedule:

- (i) pay \$400,000 to the K Mining as to:
  - (a) \$100,000 on or before 12 months from February 17, 2023 (the "Effective Date");
  - (b) an additional \$150,000 on or before 24 months following the Effective Date; and
  - (c) an additional \$150,000 on or before 36 months following the Effective Date;

- (ii) issue 8,666,667 shares of Starcore to be held in escrow and released as to:
  - (a) one-third within 12 months following the Effective Date;
  - (b) one-third within 24 months following the Effective Date; and
  - (c) the balance of one-third within 36 months following the Effective Date; and
- (iii) incur at least US\$3,750,000 of expenditures on the Kimoukro Project as to:
  - (a) at least US\$750,000 on or before 12 months following the Effective Date;
  - (b) an additional US\$1,500,000 on or before 24 months following the Effective Date; and
  - (c) an additional US\$1,500,000 on or before 36 months following the Effective Date;

The Kimoukro Project is burdened with a 2% Net Smelter Royalty, which Starcore has the right to purchase on the basis of \$1 million for each 1% of royalty.

### ***The Kimoukro Gold Project Ivory Coast***

The Kimoukro gold project (the “Property”) is located in the Lac region of central Ivory Coast, some 40 km south of the capital, Yamoussoukro. The property is easily accessible by the A4 paved road, which crosses the property passing from the Kimoukro village; a mid-tension power grid runs parallel to the road. The area is flat. The vegetation is savannah and little forest; cocoa plantations and small-scale agriculture support the local economy. Artisanal mining is widespread in the area and covers over 1 sq km within the property.

The geological context is of a Paleoproterozoic greenstone belt, part of the Birimian orogeny of West Africa. The Fetekro-Oumé greenstone belt stretches NNE-SSW for over 170 km, and hosts several gold deposits and prospects, with the northeastern portion of the belt is actively explored (i.e., the Toumodi prospect, 15 km west of the property; the B; a new mine will be in production in 2024 (Lafigué mine of Endeavour Mining, with 2.5 MOz Au reserves).

The gold mineralisation in the Fetekro-Oumé greenstone belt includes examples of shear- hosted lode gold, sheeted veins, intrusion-related veins; supergene mineralisation in regolite and soil is also significant. The Property is actually largely unexplored and untested. Highlights from the available information are:

- The local geology is similar to other mineralised sites nearby. The major contacts between greenstone and gneiss, on the west side, along with the presence of syn- post-deformation intrusive bodies and spatially related brittle-ductile structures, are highly perspective for the mineralisation.
- A 0.5 Km<sup>2</sup> wide gold anomaly zone in soil exceeding 50 ppb Au, is confirmed in the central part of the Property; the anomaly is part of a broader zone stretching more than 6 Km from the Kokumbo area, and it is open to north and west. Consolidated artisanal mining activity (soil panning) confirms widespread supergene mineralisation.
- Several mineralised veins are being worked by artisanal miners; the mineralised veins are white or smoky, made up by quartz-albite-carbonate; tiny sulphides and free gold have been observed. The veins are present mostly over the granite-granodiorite body in the central part of the Property, however, they cut the other volcano-sedimentary units as well. The mylonite zone deforms some early veins and show disseminated sulphides and gold values.

### ***Geology***

General Setting: The Property area is mainly covered by soil (laterite, saprolite) up to some 10 m thick; locally, a thin alluvial cap is present. The local geology of the Kimoukro Property is therefore sketched on the base of the few outcrops and mining tailings, and accounting for the available geophysical data. Direct information derives almost exclusively from two of the former licenses that were further merged in K Mining SARL.

The local geology is characterised by a sequence of lower greenschist facies rocks of the Paleoproterozoic volcanic arc of the Toumodi volcanic group, including, from the bottom: basalts (massif and pillowed), fine-grained mafic sandstones and siltstones, and interbedded felsic tuffs and mafic sandstone. The sequence is intruded by granitoids, including a siliceous, brecciated granite, a two-micas granodiorite, and some dykes. The southern contact of the granodiorite with the schistose metasedimentary rocks, in the central part of the Property, is marked by a ductile to brittle mylonite zone, which roughly

trends WNW. The greenstone belt is surrounded by TTG granites: a granite-gneiss suite representing continental crust, which is found in-between the Birimian greenstone belts.

#### *Lithology description*

Granitoids referable to the diorite-tonalite- granodiorite-granites suites (Gn) are present in the north-western and southern part of the Property. These rocks represent the older intrusive suite (pre-orogenic? >2.1Ga), part of the granite-gneiss domains in between the greenstone belts of Ivory Coast.

The other rocks in the Kimoukro Property are part of the Tumodi Volcano-sedimentary sequence and are affected by lower greenschist phase metamorphism. The lithologic units recognized so far are:

Basalts (b): massive, very fine-grained, black to dark grey/greenish mafic rocks, referable to the basal tholeiitic sequence. The unit crops out in the Bandama river, and trend NNE- SSW. These rocks are intruded by aplitic/granitic dykes, and are cut by quartz veinlets N-S oriented.

Finely-bedded sandstones (FBS): outcrops of this unit are found in few artisanal pits and pebbles from several shafts; accordingly, this unit dominates the central area of the Property. It occurs as fine-grained, greyish to dark green/grey in colour, and has mafic (andesitic?) composition; the stratigraphic layering is well recognizable. A volcanoclastic origin is inferred by petrography study. The bedding strikes between N160 and N15, steeply dipping, and is partially transposed by the concordant S1 foliation. Crenulation cleavage (S2) is observed in outcrop and thin section. Joints and quartz-carbonate veinlets postdate the S2.

Thick bedded andesitic sandstone (TBS): this unit is found in the eastern part of the Property, according to the rejects found at few artisanal mineworks. No direct information is available.

Granitoids (G): This group of rocks intruded the volcanoclastic sequence and thus are interpreted as part of the syn-post orogenic intrusive suites. The description in hand samples and petrography descriptions report weakly deformed, bleached granitoids, with albitic and sericitic (to white mica) static replacement over feldspars; the interpreted protoliths are biotite granodiorites to granites. The alteration overprint postdates the deformation.

Mylonite (M): fine-grained dark grey, foliated rocks which derive from the volcanoclastic units, are found at the granite contact in the central part of the Property. The tectonic fabric in thin section shows ductile to brittle-ductile progressive deformation (i.e., brecciation and brittle shear deforming the mylonite fabric). The last recognized deformation is marked by kinks and brittle structures (i.e., dilation veinlets), and crosscuts all the previous structural features. The position of the mylonite, its general trend (WNW-ESE) and the deformation at the edges within the granite (for the limited observation to date) is compatible with the granitoid (G) emplacement.

#### *Structure*

A general NNW-SSE trend of the lithologic contacts and main foliation (S1) throughout the Property is inferred from the few field data, the IP survey completed in the central part of the Property, and from the regional magnetic map (historic exploration data) and remote- sensing interpretation available to date. The general trend is NNE-SSW and is parallel to the regional setting of the Fetreko-Oumé greenstone belt. The volcanic and volcanoclastic sequence depict a tight syncline fold, which is in contact with the granite-gneiss domain by means of a regional shear zone to the east (the N'Zi-Brabo shear zone), and a west-verging, steep thrust contact to the west. Splays from the main shear zone crosscut the greenstone belt with inferred sinistral sense of shear. The Kimoukro Property lies on the western flank of the wider syncline fold. This S1 tectonic grain is deformed by crenulation cleavage (S2) and likely, by large scale gently folding, which in literature, is generally related to strike-slip structures. Some veins seem to be parallel to this foliation; furthermore, the late stages of the deformation are related to brittle-ductile structures (D3 event; S3 planar features), which are mineralised in other deposit of the greenstone belt. These structures, similarly to the brittle-ductile shearing observed in mylonites, are the most prospecting structures for exploration, at the current stage of knowledge.

#### *Mineralisation*

The gold mineralisation occurs primary as mineralised quartz veins; several veins are exploited by artisanal miners: the trends of the veins observed in the field are NNW-SSE. The veins have similar mineral assemblage:

quartz+albite+carbonate±sericite±sulphides; veinlets are also present. At the vein edges, alteration haloes are usually limited to cm-size; however, the sericite+carbonate±albite replacement is widespread in all the samples studied under microscope. The SEM study revealed also pyrite, galena and sphalerite, occasional native copper and free gold. The latter is also observed in hand samples.

The mineralised veins are found in the cataclastic granitoid (2 mica granodiorite), as well as in the volcanoclastic sequence. Their strike length is unknown, however, a minimum length of few tens of meters is inferred, with potential of more than 100 m. The thickness of the observed exploited veins is between 10 and 50 cm.

Considering the structures inferred from the available geophysics and the mapped veins, the geometry fits a Riedel-type fracturing system related to the mineralisation.

The lab assay results on the few mineralised rock samples analysed, range from 10 to over 30 g/t Au; handheld XRF readings overall confirmed the occurrence of gold and the grade range.

The supergene mineralization is widespread in the lateritic cover, and the saprolite and saprock, which are the main focus of the artisanal mining.

The style of mineralisation is compatible with structurally controlled vein system, likely related to the emplacement and cooling of the granodiorite intrusive. The adjacent Kokumbo deposit, on the other hand, has mineralisation linked to a tonalite intrusive, roughly lying on strike with the Kimoukro mineralisation. A genetic model for the mineralisation at Kimoukro is then not obvious at the current state of knowledge.

The NI 43-101 compliant technical report entitled “Kimoukro Gold Project, Toumodi Department, Côte d’Ivoire” dated July 16, 2023 and authored by Riccardo Aquè and Diego Furesi is filed on [www.sedar.com](http://www.sedar.com). For more related information please visit: [www.starcore.com](http://www.starcore.com).

#### *Other*

Three of Starcore’s directors and officers, namely Robert Eadie, Pierre Alarie and Gary Arca, have an interest in the transaction by being shareholders of EU Gold. The Share Exchange was approved by Starcore’s Board of Directors, with the three directors abstaining from voting. The issuance of any shares to insiders will constitute a "related party transaction", as defined under Multilateral Instrument 61-101 ("MI 61-101"). Such participation will be exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 as neither the fair market value of the securities to be issued to the insiders, nor the consideration for the securities, will exceed 25% of Starcore’s market capitalization.

#### ***Qualified Person***

The scientific and technical disclosure in this news release has been supervised and approved by dr. Riccardo Aquè, Ph.D. Eurogeol., a Qualified Person as that term is defined in NI 43-101. He is independent of the Company.

### **3. Selected Annual Information**

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

<i>Twelve Months Ended</i>	<b>April 30, 2023</b>	April 30, 2022
Revenues	\$ <b>22,907</b>	\$ 25,679
Cost of Sales	<b>(22,154)</b>	(20,373)
Earnings from mining operations	<b>753</b>	5,306
Administrative Expenses	<b>(5,148)</b>	(3,878)
Loss on Toiyabe	-	(40)
Gain (loss) on investment	<b>197</b>	(287)
Royalty sale	-	1,600
Loss on sale of investments	<b>(10)</b>	-
Gain on sale of assets	<b>25</b>	-
Income tax (expense)/ recovery	<b>(1,073)</b>	(296)
Total income/ (loss)		
(i) Total income/ (loss)	\$ <b>(5,256)</b>	\$ 2,405
(ii) Income/ (loss) per share – basic	\$ <b>(0.10)</b>	\$ 0.05
(iii) Income/ (loss) per share – diluted	\$ <b>(0.10)</b>	\$ 0.05
Total assets	\$ <b>50,906</b>	\$ 52,041
Total long-term liabilities	\$ <b>8,789</b>	\$ 8,225

#### 4. **Results of Operations**

##### *Discussion of Acquisitions, Operations and Financial Condition*

The following should be read in conjunction with the consolidated financial statements of the Company and notes attached thereto for the period ended October 31, 2023.

#### 4.1 **San Martín Mine, Queretaro, Mexico**

The San Martin Mine, located approximately 50 km east of the City of Queretaro, State of Queretaro, Mexico, consists of mining concessions covering 13,077 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 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.

Starcore has staked additional claims near its principal producing gold property, the San Martin gold mine, in Querétaro, Mexico. The geology department has completed a staking initiative that includes new claims to the west of the current mineral rights of the San Martin mine on private property, that holds exploration and development upside.

##### ***Reserves***

The Company released its updated NI 43-101 reserve and resource estimates to April 30, 2022 for its San Martin Mine, located in Queretaro State, Mexico, as filed on Aug 26, 2022, prepared by Erme Enriquez. (the “Technical Report”), which is also available on the Company website [www.starcore.com](http://www.starcore.com). All assumptions are listed at the bottom of the reserve and resource table below. All assumptions are listed at the bottom of the reserve and resource table.



**Starcore International Mines, San Martin Mine Mineral Reserves and Resources As of April 30, 2022:**

Category	Tonnes	Grade		Total Contained oz		
		(g Au/t)	(g Ag/t)	(oz Au)	(oz Ag)	(Au Eq oz)
<b>Total Proven &amp; Probable</b>	<b>1,348,433</b>	<b>1.74</b>	<b>13</b>	<b>75,353</b>	<b>573,257</b>	<b>82,560</b>
<b>Total Inferred + Indicated</b>	<b>1,481,770</b>	<b>1.78</b>	<b>14</b>	<b>84,999</b>	<b>643,744</b>	<b>93,092</b>
<b>Total Ounces Contained</b>	<b>2,830,203</b>	<b>1.76</b>	<b>13</b>	<b>160,352</b>	<b>1,217,001</b>	<b>175,652</b>

1. Reserve and Resource cut-off grades are based on a 1.41 g/t gold equivalent.

2. Metallurgical Recoveries of 86% gold and 55% silver.

3. Minimum mining widths of 2.0 meters.

4. Dilution factor of 20%.

5. Gold equivalents based on a 1:79.5 gold:silver ratio.

6. Price assumptions of \$1750 per ounce for gold and \$22 per ounce for silver.

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 this technical information.

**Production**

The following table is a summary of mine production statistics for the San Martin mine for the three and six months ended October 31, 2023 and for the previous year ended April 30, 2023:

(Unaudited)	Unit of measure	Actual results	Actual results	Actual results
		3 months ended 31-Oct-23	6 months ended 31-Oct-23	12 months ended 30-Apr-23
Mine production of gold in dore	thousand ounces	2.3	4.0	9.4
Mine production of silver in dore	thousand ounces	13.5	25.8	48.1
Total mine production – equivalent ounces	thousand ounces	2.4	4.3	10.0
Silver to Gold equivalency ratio		83.5	82.8	84.8
Mine Gold grade	grams/tonne	1.42	1.28	1.47
Mine Silver grade	grams/tonne	14.8	14.6	13.5
Mine Gold recovery	percent	85.2%	84.7%	87.1%
Mine Silver recovery	percent	48.8%	47.4%	48.6%
Milled	thousands of tonnes	58.0	115.7	227.8
Mine development, preparation and exploration	meters	1,600	3,051	7,170
Mine operating cash cost per tonne milled	US dollars/tonne	70	71	67
Mine operating cash cost per equivalent ounce	US dollars/ounces	1,690	1,897	1,535
Number of employees/contractors at minesite		246	246	246

During the quarter ended October 31, 2023, the mill operated at a rate of approximately 631 (October 31, 2022: 621) milled tonnes/day. Gold and silver grades during the quarter ending October 31, 2023 were 1.42 g/t and 14.8 g/t, respectively, compared to the prior quarter ended October 31, 2022 comparable grades of 1.45 g/t and 13.0 g/t, respectively. Overall equivalent gold production from the mine during the period ending October 31, 2023 of 2,420 equivalent ounces was slightly lower than the prior year's quarterly production of 2,452 due to lower ore grades and gold recovery despite slightly 1,800 more tonnes processed during the current period. The production, however, was much better than the previous quarter ended

July 31, 2023, whereby we produced 1,918 equivalent ounces due entirely to the much lower Gold grade in the previous quarter of 1.14 g/t compared to 1.42 g/t this quarter, while tonnes processed remained approximately the same.

Overall development meters have decreased in the current period, to 1,600 meters, compared to 1,962 meters in the prior period ended October 31, 2022. The development has been consistent with the current calendar period production tonnage budgeted.

Production cash costs of the mine for the period ended October 31, 2023 were higher at US\$1,690/EqOz compared to US\$1,546/EqOz in the prior comparable period ending October 31, 2022 due mainly to lower ounces produced despite higher tons milled tonnes and higher per ton costs in the current period. Overall cost per tonne averaged US\$70/t, compared to US\$66/t in the prior period due mainly to higher input costs for labour, electricity and fuel in the current period coupled with higher development costs per meter. The cash costs this quarter were much lower than the previous quarter ended July 31, 2023, of US\$2,158/EqOz due to the significantly lower ounces produced in the previous quarter. Cash costs per tonne were only slightly lower this quarter compared to the previous quarter of US\$72/t.

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 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.

During the quarter ended October 31, 2023, the Company incurred approximately US\$203 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\$286 in the prior comparable quarter ending October 31, 2022.

#### 4.2 Property Activity

The Company has largely completed its exploration budget for 2023 of up to US\$2 million for its most prolific projects which has been allocated as follows:

1. The Company has largely incurred a budget of US\$1 million allocated for the San Martin Mine concession with the following objectives:
  - a. To search for the extension of the San Martin Breccia in the southwest and eastern part of the mine.

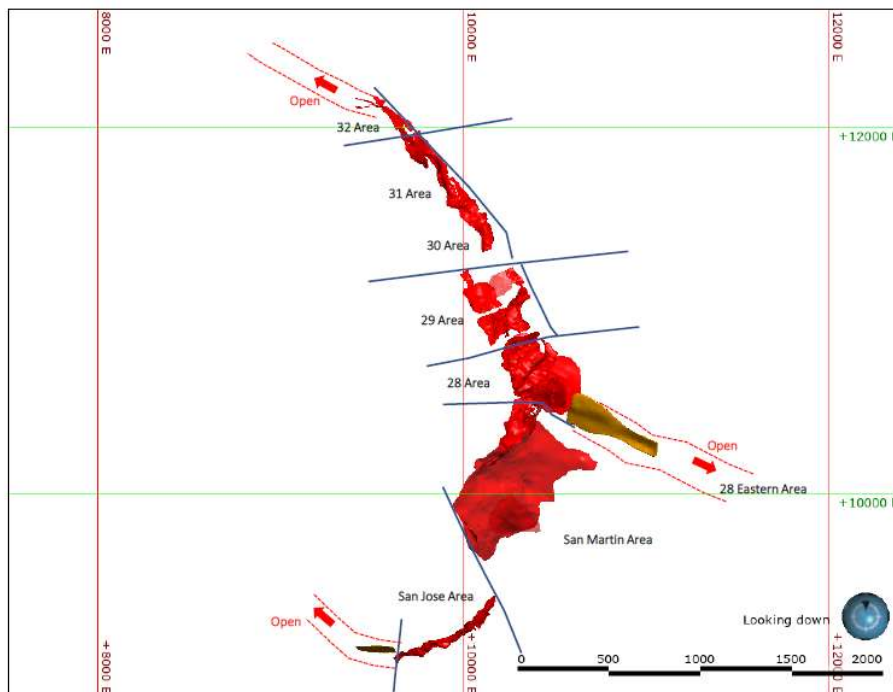
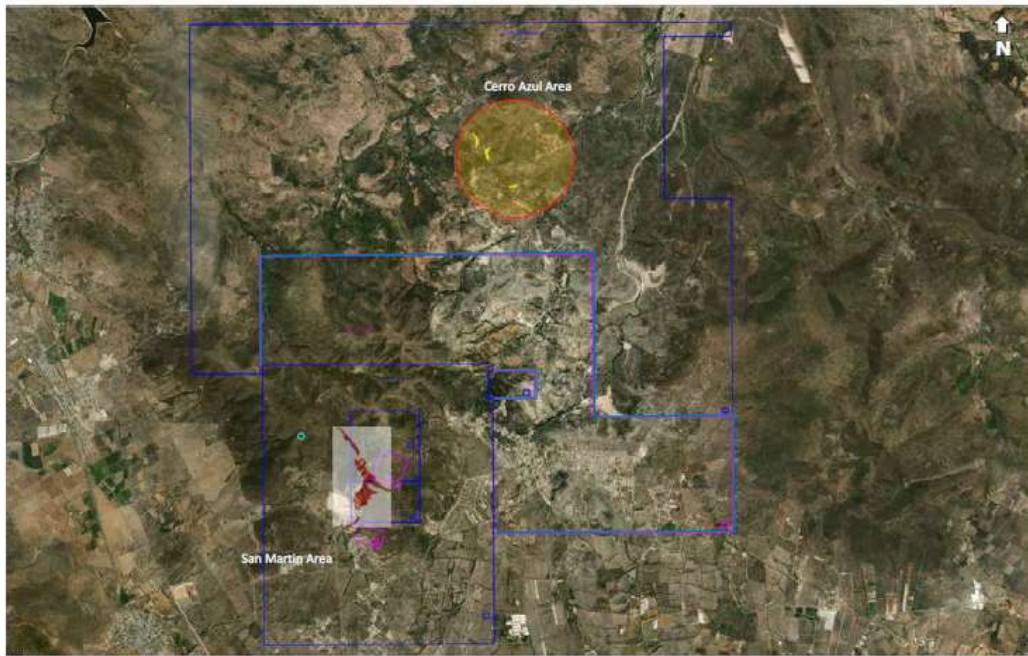


Fig 2) Geological Model San Martin Breccias, representing Eastern and Southern part of the deposit.

- b. To confirm the geological potential of the north part of the concessions in the areas of Cerro Azul (North Area)



**Fig 3) Claim Map representing Cerro Azul Area.**

2. Secondly, the Company has largely incurred its budgeted US\$500,000 for El Creston, including annual concession fees, which is an advanced molybdenum project located in Opodepe, Sonora, Mexico. In the next phase of exploration, the Company will endeavour to confirm the presence of a copper porphyry at depth, which will now include surveys, geophysical studies of magnetometry, and the development of new geological models from existing drillhole data.
3. Lastly, the balance of the exploration budget will be allocated towards new opportunities where Starcore has been invited to participate in potential joint ventures.

Salvador Garcia, B. Eng., a director of the Company and Chief Operating Officer, is the Company's qualified person on the projects as required under NI 43-101 and has prepared the technical information contained above.

#### **A. San Martin Mine Activities – Queretaro, Mexico**

“In late Q2, the mine returned to the level of monthly production planned for the 2023 – 2024 fiscal year, as well as recovering additional ounces over budgeted amounts to make up for the lower than planned production in Q1,” stated Salvador Garcia, Chief Operating Officer. “The Q2 results reflect more accurately the mine’s stable production based on consistency from stopes in production, gold and silver ore grades meeting the plan, efficient processing with good recoveries and the development and mining in line with budgeted expectations. The most important aspect is the proven team we have at San Martin that is encouraged to grow the operations. In this respect, we are working specifically on two fronts; firstly, as stated previously, we are working closely on completing the acquisition of or merger with local mining property owners which will allow us to develop these properties and provide additional ore to utilize the unused capacity of our plant; and, secondly, we have begun to research how to process the approximately one million tonnes of carbonaceous ore in our mine, that we have been unable to process in our plant, which contain grades of 2.5 gr/tonne of gold equivalent. This project is focused to increase the reserves and therefore the Life of Mine. In the end, we are always focused on producing profitable ounces overall,” further stated Salvador Garcia.

<b>San Martin Production</b>	<b><u>Q2 2024</u></b>	<b><u>Q1 2024</u></b>	<b><u>Q/Q Change</u></b>	<b><u>YTD 2024</u></b>	<b><u>YTD 2023</u></b>	<b><u>Y/Y Change</u></b>
Ore Milled (Tonnes)	<b>58,019</b>	<b>57,700</b>	1%	<b>115,719</b>	<b>112,428</b>	3%
Gold Equivalent Ounces	<b>2,420</b>	<b>1,918</b>	26%	<b>4,338</b>	<b>5,377</b>	-19%
Gold Grade (Grams/Ton)	<b>1.42</b>	<b>1.13</b>	26%	<b>1.27</b>	<b>1.58</b>	-20%
Silver Grade (Grams/Ton)	<b>14.88</b>	<b>14.24</b>	4%	<b>14.56</b>	<b>16.99</b>	-14%
Gold Recovery (%)	<b>85.23</b>	<b>83.99</b>	1%	<b>84.68</b>	<b>88.36</b>	-4%
Silver Recovery (%)	<b>48.81</b>	<b>45.82</b>	7%	<b>47.35</b>	<b>48.64</b>	-3%
Gold: Silver Ratio	<b>83.49</b>	<b>81.98</b>		<b>82.76</b>	<b>86.90</b>	

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.

## **B. 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. 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.<sup>1</sup> 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"). Creston Moly is a British Columbia company that owns, through its subsidiaries, a 100% interest in the following properties:

### **1. El Creston Project, Sonora, Mexico<sup>2</sup>**

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. In 2010, a PEA was prepared on the property based on zones of porphyry-style molybdenum ("Mo")/Copper ("Cu") mineralization 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.

<sup>1</sup> 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.

<sup>2</sup> 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 on December 20, 2010. 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. The PEA provides information on El Creston that is historical and the Company cannot guarantee the accuracy of the data presented therein. The reader is cautioned not to place undue reliance on the historical data or its implications that have been derived from third-party sources. The PEA is referenced herein solely for historic context and background.

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.

### ***El Creston Current Activities***

The Company released its mineral resource estimate and NI 43-101 compliant Technical Report for its El Creston molybdenum project located near Opodepe, Mexico on December 1, 2022. The report entitled "Independent Technical Report for the El Creston Molybdenum Project, Sonora, Mexico" prepared by SRK Consulting (Canada) Inc. ("SRK Consulting") has been filed on SEDAR and is also available on the Company's website [www.starcore.com](http://www.starcore.com). The Technical Report documents a mineral resource statement for the El Creston Project prepared by Dr. Gilles Arseneau, Qualified Person and associate consultant with SRK. It was prepared following the guidelines of the Canadian Securities Administrators' National Instrument 43-101 and Form 43-101F1. Highlights of the report are outlined below.

### ***Property Description and Ownership***

The El Creston Project is located in north-central Sonora State in north-western Mexico. The property is about 145 kilometres ("km") by road north-northeast of Hermosillo, the capital of Sonora State, 5 km southwest of the village of Opodepe. Access from Hermosillo is via Highway 15 north from Hermosillo 70 km to Carbo junction. From the junction, a paved road is followed east for 52 km to Rayon, then north along a well-maintained gravel road for 21 km to the junction with a secondary unpaved road crossing the San Miguel River 5 km south of Opodepe that leads to the Creston Project. The approximate center of the mineral resources described in Section 14 is 29°53'N latitude and 110°39'W longitude.

The property is comprised of nine concessions covering approximately 11,363 hectares ("ha") wholly owned by Exploraciones Global, S.A. de C.V., a Mexican subsidiary of Starcore. All concessions are subject to a 3% net smelter return ("NSR"). There are no known environmental liabilities to which the project is currently subjected.

### ***Geology and Mineralization***

Regionally, the area is part of the Basin and Range Province which is an extensional terrain of fault-bounded ranges and intervening valleys in the western United States that extends southward from Nevada and Utah southwards into the states of Sonora and Chihuahua, Mexico. In northern Mexico, this province is bifurcated by the Sierra Madre Occidental, a north-northwest-trending mountain range about 1,200 km long and 200 km to 300 km wide that forms the spine of northern Mexico. The Creston property lies in the western or Sonoran portion of the Basin and Range Province, close to the western flank of the Sierra Madre Occidental.

The predominant lithologies known at El Creston include metamorphic rocks of Precambrian and perhaps Paleozoic age, intrusions of various compositions, dikes, and breccias of Paleozoic and Tertiary age, and Recent conglomerate, talus, and landslide deposits. Phyllites, quartzite, gneisses, and metavolcanic rocks were intruded by the Creston granite, which has a weakly developed gneissic texture. The Creston granite has been altered and mineralized, hosting most of the presently defined molybdenum ("Mo") mineralization in the Main deposit, the older metamorphic rocks intruded by the Creston granite are only locally altered and mineralized.

There are two principal styles of mineralization at the Main deposit: predominantly subvertical quartz-molybdenite-pyrite veinlets hosted by the Creston granite and molybdenite-pyrite within the quartz matrix of magmatic-hydrothermal breccia of the East Breccia body, which cuts the Creston granite. While minor amounts of chalcopyrite accompany the molybdenite mineralization, more significant quantities of copper ("Cu") occur as chalcocite replacements of pyrite within secondary enrichment blankets that parallel present-day topography. Some chalcocite also occurs below the enrichment blankets, primarily along permeable structural zones such as the Ordoñez fault zone.

The currently defined mineralized area occupies a zone about 1,600 metres ("m") in an east-west direction, a maximum of 1,200 m in a north-south direction, and 550 m vertically. The Creston and Ordoñez faults terminate the bulk of the molybdenum mineralization at depth, although some mineralization has been intersected in drillholes below the Creston fault at the Red Hill zone to the south. Mineralization at El Creston includes both molybdenum and copper minerals.

### ***Exploration Status***

The property has been explored extensively in the past. Starcore has not carried out any recent exploration on the property but has announced a \$500,000 US Dollars (“US\$”) exploration program for the El Creston Project for 2023. In the next phase of exploration the Company will endeavour to confirm the presence of a copper porphyry at depth, which will include surveys, geophysical studies of magnetometry and the development of new geological models from existing drillhole data.

### ***Mineral Resource Estimate***

The mineral resource model prepared by the QP considers 181 core holes and three reverse circulation holes, Creston Moly Corporation drilled 156 holes during the period of 2007 to 2011, 28 holes were drilled by AMAX between 1974-1975. The resource estimation work was completed by Dr. Gilles Arseneau, P. Geo. (APEGBC #23474) an appropriate “independent Qualified Person” as this term is defined in National Instrument 43-101. The mineral resources have been estimated in conformity with generally accepted CIM “Estimation of Mineral Resource and Mineral Reserves Best Practices” guidelines and are reported in accordance with the Canadian Securities Administrators’ National Instrument 43-101.

GEOVIA GEMs™ Version 6.8.4 was used to construct the geological solids, prepare assay data for geostatistical analysis, construct the block model, estimate metal grades and tabulate mineral resources. Sage2001 was used to model the variability of copper and molybdenum.

The oxide surface was modelled from a hard boundary between the dominantly oxidized zone near surface and the sulphide mineralization below using a 30% molybdenum oxide limit. A wireframe was used to model the molybdenum mineralization with the Creston granite and the copper mineralization was modelled into high-grade and low-grade domains based on statistical analysis of the assay data. Assay data were capped prior to modelling based on statistical analysis. Molybdenum values were capped at 0.70% Mo and copper values in the higher-grade zone were capped at 1.0% Cu and 0.45% Cu in the low-grade copper zone. All assays were composited to 3.0 m length within the modelled domains.

Grades were estimated by ordinary kriging inside 10 m by 10 m by 12 m blocks. To determine the quantities of material offering “reasonable prospects for eventual economic extraction” by an open pit, the QP used a pit optimizer and reasonable mining assumptions to evaluate the proportions of the block model (Measured, Indicated and Inferred blocks) that could be “reasonably expected” to be mined from an open pit. The optimization parameters were based on experience and benchmarking against similar projects. Blocks within the resource shell were classified as Measured if they were populated using more than eleven samples at an average distance of less than 80 m and where the probability of the grade exceeding cut-off was more than 90%. Blocks were considered Indicated if they were populated by more than eight samples at an average distance of less than 100 m. All other estimated blocks were classed as Inferred. Based on the above parameters, the QP estimated that the El Creston deposit contained 56.3 million tonnes (“Mt”) grading 0.076% Mo and 0.04% Cu in the Measured category, and 142.2 Mt grading 0.067% Mo and 0.08% Cu classified as Indicated mineral resources. There are no blocks classified as Inferred mineral resource within the Whittle optimized pit shell (Table 1.1).

Table 1.1: Mineral Resource Statement at 0.045% Molybdenum Equivalent\*, El Creston Molybdenum Project, Sonora Mexico, SRK Consulting, 30 September 2022

Category	Quant	Grade		Metal	
		Mo	Cu	Mo	Cu
	(Mt)	(%)	(%)	(Mlb)	(Mlb)
<b>Open Pit**</b>					
<b>Measured</b>	<b>56.3</b>	<b>0.076</b>	<b>0.04</b>	<b>94.3</b>	<b>49.7</b>
<b>Indicated</b>	<b>142.2</b>	<b>0.067</b>	<b>0.08</b>	<b>210.0</b>	<b>250.8</b>
<b>Measured Plus Indicated</b>	<b>198.5</b>	<b>0.069</b>	<b>0.07</b>	<b>304.4</b>	<b>300.5</b>
<b>Inferred</b>					

Notes:

\* Mineral resources are reported in relation to a conceptual pit shell. Mineral resources are not mineral reserves and do not have demonstrated economic viability. All figures are rounded to reflect the relative accuracy of the estimate. All composites have been capped where appropriate.

\*\* Open pit mineral resources are reported at a cut-off grade of 0.045% Mo EQ. Cut-off grades are based on a price of US\$9.93 per lb of molybdenum and US\$3.50 for copper, recoveries of 88% for molybdenum and 84% for copper were applied.

### ***Conclusion and Recommendations***

The El Creston Molybdenum Project is an advanced staged exploration property located in Sonora State, Mexico.

The molybdenite mineralization occurs as finely disseminated subhedral crystals 0.1 millimetres (“mm”) to 0.8 mm across, embedded in a pervasive, fine-grained quartz-sericite matrix, and as coarsely crystalline molybdenite along the margins of quartz veins. The QP believes that the widely spaced drill sampling is suitably adequate to represent the disseminated and veinlet molybdenum mineralization.

While some molybdenum grades do occur below the Creston fault, the grade estimates were limited to the zone between the oxide boundary and the Creston fault. The QP recommends that Starcore continue to explore the El Creston Project. Specifically, a US\$500,000 exploration surface exploration program is recommended.

“We have always viewed El Creston as an extremely valuable asset, given that it is a copper-moly project,” said Robert Eadie, Starcore’s CEO. “We are happy that the report has been updated and we are now able to advance the project and share SRK Consulting’s findings with our shareholders.”

### **2. Opodepe Project, Sonora State, Mexico**

The Company has completed the first phase of exploration on its MEZTLI 4 and TEOCUITLA claims located in Opodepe, Sonora, Mexico. This first stage explored five different veins that were discovered after more than eight months of geological works with more than 2000 samples taken. As reported in its news release of August 17, 2021, the Opodepe project represents a three-dimensional prospect for Starcore with possibilities as a moly deposit, or as a property with gold showings, and thirdly as a project with the potential for copper porphyry at depth. These concessions of 11,364 hectares (the MEZTLI 4 claims) have never been explored for precious metals. With the acquisition of 3,087 hectares northwest of the MEZTLI 4 claims (the TEOCUITLA concessions), Starcore now has a total of 14,451 hectares to explore, with five veins identified thus far for the initial stage of drilling.

Salvador Garcia, B. Eng., a director of the Company and Chief Operating Officer, is the Company’s qualified person on the project as required under NI 43-101 and has prepared the technical information contained above.

### **3. Ajax, British Columbia, Canada<sup>3</sup>**

Ajax Molybdenum Property is comprised of 11,718 hectares and is located 13 km north of Alice Arm, British Columbia in northwestern B.C.'s well-known mineralized belt, the "Golden Triangle". The property, measuring 1718.65 hectares in size, was acquired in 2015 through its purchase of Creston Moly Corp. and its subsidiary Tenajon Resources Corp. 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.

The Ajax property is located approximately 12 km to the southeast of Dolly Varden Silver, 7 km south of Big Bulk and 17 km east of Goliath Resources Golddigger/Surebet property. The Ajax is located within 1 to 3 km of the Triassic - Jurassic contact, termed the Red Line in this area, near which many of the Golden Triangle's mineralized systems occur.

#### ***Exploration***

*See Section 2.0 – Recent Events for Project Update for current activity*

The Company completed an eight-day prospecting, soil and rock chip sampling program on the Ajax Property which hosts the very large Ajax porphyry molybdenum occurrence that has been tested by 48 drill holes, beginning in the mid 1960's. During Starcore's September, 2021 limited field program, rock and soil sampling have revealed the potential for precious and base metal potential beyond the limits of the known molybdenum mineralization.

Three rock samples collected from mineralization exposed in old pits along the south spine of Mt. McGuire, about 1.3 km from the known molybdenum mineralization, assayed up to 4.1 grams per tonne (g/t) silver, 0.23% copper, over limit for analysis method (greater than 100 g/t) tungsten and 794 g/t cobalt. In addition, two quartz veins sampled downslope from these pits assayed over limit (greater than 100 g/t) silver and over limit (greater than 1%) lead and zinc and over limit (greater than 0.2%) bismuth. Mineralization sampled in the vicinity of a documented BC MINFILE occurrence Ida, northeast of Mt. McGuire peak, assayed over limit (greater than 100 g/t) tungsten, 1.1 g/t silver and anomalous molybdenum and copper.

Soil sampling during the 2021 fieldwork identified two areas to the southwest of the known molybdenum mineralization. The North Anomaly, as defined by the 50 ppm molybdenum in soil contour, is 300 metres (m) long by 500 m wide. It trends westerly and is open along strike to the east and west. The South Anomaly is a 700 m long and open up to 500 m wide, east-west trend of anomalous gold, silver, copper, lead, zinc, cobalt and arsenic in-soil values.

Ian Webster P.Geol. is the Qualified Person, as defined by National Instrument 43-101, who has reviewed and approved the technical contents of this release.

### **4. Scottie Claims Royalty, Canada**

Pursuant to the acquisition of Tenajon as part of the Creston Moly acquisition above, the Company acquired a 3% NSR in the Scottie gold claims located in B.C. Starcore and Scottie Resources Corp. ("Scottie") announced that Scottie has acquired the 3% net smelter royalty interest ("NSR") attached to the Summit Lake Property in the Skeena Mining Division of British Columbia from Tenajon Resources Corp., Starcore's wholly-owned subsidiary, in consideration of \$1.6 million. As the NSR was not allocated a value on purchase of Creston, the full amount is shown as a gain on the consolidated statement of operations and comprehensive income (loss) for the year ended April 30, 2022.

### **C. Toiyabe, Nevada, USA**

The Company had the rights to a 100% undivided interest in the Toiyabe Gold Project ("Toiyabe") consisting of 165 mining claims located in Lander County, Nevada, United States of America. During the year ended April 30, 2021, the Company entered into a binding agreement with Westward Gold Inc. (formerly IM Exploration Inc.) ("WG") for the assignment of the Company's option to acquire a 100% interest in Toiyabe from the Optionor. As consideration for the transfer of the

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<sup>3</sup> 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.



Company's option to acquire Toiyabe, WG made a cash payment of US\$150,000 and issued the Company 4,100,000 common shares in the capital of WG which were received by our escrow agent and valued at fair market value at date of issue of \$0.19 per share subject to a contractual escrow period of twelve (12) months (currently all of the shares have been released).

### **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.

### **4.3 Results of Operations**

The Company recorded loss for the period ended October 31, 2023 of \$2,736 compared with loss of \$2,432 for the comparative period ended October 31, 2022. The details of the Company's operating results and related revenues and expenses are as follows:

For the six month period ended October 31,	2023	2022	Variance
<b>Revenues</b>			
Mined ore	\$ 12,208	\$ 11,562	\$ 646
<b>Cost of Sales</b>			
Mined ore	(11,521)	(8,714)	(2,807)
Depreciation and depletion	(1,239)	(1,933)	694
<b>Total Cost of Sales</b>	<b>(12,760)</b>	<b>(10,647)</b>	<b>(2,113)</b>
<b>Earnings (loss) from mining operations</b>	<b>(552)</b>	915	(1,467)
Financing costs (net)	(10)	(89)	79
Foreign exchange gain	146	97	49
Management and director fees and salaries	(558)	(971)	413
Office and administration	(708)	(716)	8
Professional and consulting fees	(447)	(603)	156
Pre-exploration costs	-	(51)	51
Shareholder relations	(174)	(365)	191
Transfer agent and regulatory fees	(50)	(72)	22
<b>Earnings (loss) before taxes and other losses</b>	<b>(2,353)</b>	(1,855)	(498)
<b>Other losses</b>			
Unrealized loss on investment	(271)	(123)	(148)
<b>Income taxes</b>			
Current (expense)/recovery	(6)	(440)	434
Deferred (expense)/recovery	(106)	(14)	(92)
<b>Earnings (loss) for the period</b>	<b>\$ (2,736)</b>	<b>\$ (2,432)</b>	<b>\$ (304)</b>

Overall, revenue from mining operations increased by \$646 for the period ended October 31, 2023 compared to the comparative period ended October 31, 2022. Sales of metals for mining operations for the period ended October 31, 2023 approximated 2,173 ounces of gold and 12,897 ounces of silver sold at average prices in the period of US\$1,923 and US\$22.87 per ounce, respectively. This is an increase in sale of gold ounces when compared to the prior comparable period ended October 31, 2022 where sales of metal approximated 1,997 ounces of gold and 10,512 ounces of silver, albeit sold at lower average prices of US\$1,706 per ounce for gold and US\$19.24 per ounce for silver.

The total cost of sales above includes non-cash expenses for depreciation and depletion of \$1,239 compared to \$1,933 in the prior comparable period ending October 31, 2022, 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 six-month period ending October 31, 2023, the Company had gross profit loss of (\$552) from mine operations compared to gross profit of \$915 for the period ended October 31, 2022. The loss was due mainly to lower metal production, as explained above, coupled with higher mine operating costs per tonne during this period.

### ***Other Items***

Changes in other items for the six-month period ended October 31, 2023, resulted in the following significant changes from the period ended October 31, 2022:

- Management fees and salaries decreased by \$413 due to managements agreement to defer 25% of the amounts payable on their contracts indefinitely and to clawback of the accrual of RSU/DSU expenses based on the lower market price applied to allocations in fiscal 2023;
- Foreign exchange gain increased by \$49 for the period ended October 31, 2023. The increase 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, and may be realized or unrealized at the period end;
- Professional and consulting fees decreased by \$156 to \$447 for the period ended October 31, 2023. Professional fees relate primarily to charges in relations to legal, tax and audit fees and decreased mainly due to additional corporate activity and the acquisition of claims in the Opodepe Project in fiscal 2022;
- Shareholder relations decreased by \$191 in the current period due to a decrease in marketing expenses associated with European markets;
- Deferred Income Tax ("DIT") expense decreased by \$434 due mainly to the difference in asset base of the underlying amounts that determine the temporary differences from year to year and utilization of losses in the prior period against taxable income.

### ***All-in 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. This measure includes San Martin mining operations coupled with related capital costs. 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:

<i>(In Canadian Dollars unless indicated)</i> For the period ended October 31,	Sustaining Costs (in 000's)		Sustaining Costs Per Ounce (in \$/oz)	
	2023	2022	2023	2022
Total cost of sales cash costs <sup>1</sup>	\$ 11,521	\$ 8,714	\$ 2,436	\$ 1,722
Total corporate and administration cash costs <sup>1,2</sup>	1,915	2,583	405	510
Foreign exchange (gain)/loss	145	97	31	19
Reclamation and closure accretion	119	100	25	20
Sustaining capital expenditures and exploration	611	392	129	77
All-in sustaining cash costs	14,311	11,886	3,026	2,348
Foreign exchange adjustment	(3,681)	(2,799)	(779)	(553)
<b>All-in sustaining USD cash costs</b>	<b>\$ 10,630</b>	<b>\$ 9,087</b>	<b>\$ 2,247</b>	<b>\$ 1,795</b>
Total equivalent ounces sold	4,730	5,061		

<sup>1</sup> Excludes non-cash depletion and depreciation of \$1,261 from cost of sales and from corporate and administration costs for the period ended October 31, 2023 (October 31, 2022: \$2,127).

<sup>2</sup> Includes share-based compensation of (\$nil) for the period ended October 31, 2023 (October 31, 2022: (\$2)).

The AISC of US\$2,247/EqOz is higher than the prior period comparable amount of US\$1,795/EqOz due mainly to the higher costs of production and development coupled with additional sustaining exploration costs, further decreased by lower metal sales due to lower metal production (as discussed in Sections 4.3 and 4.1 above). Overall mine costs were averaging US\$70/t, compared to US\$67/t in the prior period due mainly to higher input costs for labour, electricity and fuel in the current period coupled with higher development costs per meter.

### **Cash Flows**

Cash outflow from operating activities was \$361 during the period ended October 31, 2023, compared to a cash outflow of \$994 for the comparative period ended October 31, 2022. Cash flows from operating activities were determined by removing non-cash expenses from the earnings and adjusting for non-cash working capital amounts. Financing activities resulted in an outflow of \$163 (October 31, 2022: inflow of \$802). Cash outflow from investing activities was \$994 due to the Company spending \$613 on investment in mining interest and plant and equipment and \$381 on investment in exploration and evaluation assets. Overall cash decreased during the period ended October 31, 2023 by \$1,732, after accounting for the effect of foreign exchange on cash of (\$214).

### **Investor Relations Activities**

During the period ended October 31, 2023, the Company responded directly to investor inquiries.

### **Financings, Principal Purposes & Milestones**

During the year ended April 30, 2023, the Company completed a non-brokered private placement for \$1,200 upon the issuance of 6,000,000 units (the "Units") at a price of \$0.20 per Unit. Each Unit is comprised of one common share of the Company and one-half of one transferable common share purchase warrant (the "Warrants"), each whole Warrant exercisable for a period of four years from the date of issue (July 15, 2026) to purchase one common share of the Company at a price of \$0.30 per share, provided that, if after the expiry of all resale restrictions, the closing price of the Company's shares is equal to or greater than \$0.40 per share for 20 consecutive trading days, the Company may, by notice to the Warrant holders reduce the remaining exercise period of the Warrants to not less than 30 days following the date of such notice.

The Company paid \$47 as a finder's fee for the portion of the financing attributable to the finder's efforts. All of the securities issued pursuant to this private placement will have a hold period expiring four months plus one day after the closing date.

## Summary of Quarterly Results

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

	<b>Q2</b>	<b>Q1</b>	<b>Q4</b>	<b>Q3</b>
	<b>31-Oct-23</b>	<b>31-Jul-23</b>	<b>30-Apr-23</b>	<b>31-Jan-23</b>
Total Revenue	\$ 5,975	\$ 6,233	\$ 5,183	\$ 6,162
Earnings (loss) from mining operations	\$ 199	\$ (751)	\$ 391	\$ (553)
Earnings (loss) for period	\$ (1,028)	\$ (1,708)	\$ (963)	\$ (1,862)
Per share – basic and diluted	\$ (0.02)	\$ (0.03)	\$ (0.03)	\$ (0.03)

	<b>Q2</b>	<b>Q1</b>	<b>Q4</b>	<b>Q3</b>
	<b>31-Oct-22</b>	<b>31-Jul-22</b>	<b>30-Apr-22</b>	<b>31-Jan-22</b>
Total Revenue	\$ 4,812	\$ 6,750	\$ 7,459	\$ 5,387
Earnings from mining operations	\$ (132)	\$ 1,047	\$ 1,956	\$ 420
Earnings (loss) for period	\$ (1,774)	\$ (657)	\$ 2,179	\$ (391)
Per share – basic and diluted	\$ (0.03)	\$ (0.01)	\$ 0.05	\$ (0.01)

### **Discussion**

The Company reports a loss of \$1,028 for the quarter ending October 31, 2023 compared to a loss of \$1,774 in the comparative quarter ended October 31, 2022. For more detailed discussion on the quarterly production results and financial results for the quarter ended October 31, 2023, 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 October 31, 2023, the Company had the following commitments:

- The Company has a land rental commitment with respect to the land at the mine site, for MX\$280k per month. The Company also has ongoing concession commitments on the mine site and on exploration and evaluation assets of approximately \$800 per year.
- The Company has management contracts to officers and directors totaling \$600 and US\$315 per year, payable monthly, expiring in April 2024 and US\$400 per year until December 2023. Effective February 1, 2023, management agreed to defer 25% of the amounts payable on these contracts indefinitely.

Obligations due within twelve months of October 31,	2023	2024	2025	2026 and beyond
Trade and other payables	\$ 2,691	\$ -	\$ -	\$ -
Reclamation and closure obligations	\$ -	\$ -	\$ -	\$ 3,426
Leases Liability	\$ 394	\$ 174	\$ 112	\$ -

## **7. Capital Resources**

The capital resources of the Company are the mining interests, plant and equipment, with an amortized historical cost of \$29,659 as at October 31, 2023. 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**

The Company paid the following amounts to key management personnel, consisting of the chief executive officer, president, chief financial officer, the chief operating officer and directors in the years:

<b>For the period October 31, 2023,</b>	<b>2023</b>	<b>2022</b>
Management fees	\$ 532	\$ 765
Directors fees -Salaries	26	15
<b>Total</b>	<b>\$ 558</b>	<b>\$ 780</b>

During the year ended April 30, 2023, the Company issued an advance to a key management personnel for the amount of \$134 (US\$100). As at October 31, 2023, the balance of the advance was \$145 (US\$104) and included interest at the prescribed rates indicated by the Canada Revenue Agency.

**10. First 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**

See *Section 2.0 – Recent Events*

**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 it 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 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 6.90% (April 30, 2023: 6.90%) and the discount rate currently applied in the calculation of the net present value of the provision is 10% (April 30, 2023: 10%).

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.

***Mexico Amparo Lawsuits filed***

On June 16, 2023, on behalf of Bernal and Exploraciones Global S.A. de C.V., which owns the El Creston project (*see Section 4.2*), the Company filed against certain provisions of the reform to the Mexican Mining Law approved by the Mexican Lower House and the Mexican Senate on May 8, 2023, (the "New Mining Law") pursuant to which the Company challenged, among other matters: (i) the legislative process for the approval of the New Mining Law and other environmental laws affecting the Mexican mining industry, and (ii) diverse provisions of the New Mining Law harming the fundamental rights of the Company, which may contravene certain provisions and principles of the Mexican Constitution. Management believes that it is crucial to take action and protect the rights and investments of the shareholders as this decree imposes additional burdens and modifies the existing rights of active mining concessions. The enactment of this decree has far-reaching implications for all companies involved in the mining industry and filing an Amparo is necessary to protect the company's assets. The Amparo is a constitutional remedy that protects individuals and entities against violations of their constitutional rights.

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 and Depreciation

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.

13. Changes in Accounting Policies

N/A

14. Financial and Other Instruments

All significant financial assets, financial liabilities and equity instruments of the Company are either recognized or disclosed in the audited 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 October 31, 2023 the Company had the following financial assets and liabilities denominated in CDN and denominated in Mexican Pesos:

<u>In '000 of</u>	<u>CADS</u>	<u>MXNS</u>
Cash	\$ 354	MP 7,141
Other working capital amounts – net	\$ (81)	MP (27,864)

At October 31, 2023, US dollar amounts were converted at a rate of \$1.3833 Canadian dollars to \$1 US dollar and MP were converted at a rate of MP18.0676 to \$1 US Dollar.

15.1 Disclosure of Outstanding Share Capital as at December 12, 2023

<u>Common Shares</u>	<u>Number</u>	<u>Book Value</u>
	<b>55,646,851</b>	<b>\$ 51,878</b>

There are *no options outstanding nor any granted subsequent to October 31, 2023.*

During the year ended April 30, 2023, 3,000,000 warrants were issued, each whole Warrant exercisable up to July 15, 2026 to purchase one common share of the Company at a price of \$0.30 per share.

## **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 audited 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 material change in the Company's internal control over financial reporting during the Company's period ended October 31, 2023.

### **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.