Starcore International Mines Ltd.

Condensed Interim Consolidated Financial Statements

For the nine months ended April 30, 2013

(Unaudited)

NOTICE TO READER OF THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The unaudited condensed interim consolidated financial statements for the nine months ended April 30, 2013 have been prepared by and are the responsibility of the Company's management. These financial statements have not been reviewed or audited by the Company's auditors.

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

As at		April 30, 2013		July 31, 2012
Assets				
Current				
Cash	**$**	**3,659**	$	1,675
Short-term investments (note 3)		**1,352**		1,612
Amounts receivable (notes 4 and 11)		**2,007**		3,518
Inventory (note 5)		**2,506**		2,432
Prepaid expenses and advances		**2,683**		2,585
Total Current Assets		**12,207**		11,822
Non-Current				
Mining interest, plant and equipment (note 6)		**42,229**		43,060
Deferred tax assets		**2,141**		1,309
Total Non-Current Assets		**44,370**		44,369
Total Assets	**$**	**56,577**	$	56,191
Liabilities				
Current				
Trade and other payables	**$**	**1,611**	$	1,684
Loan payable (note 7)		**3,375**		7,698
Total Current Liabilities		**4,986**		9,382
Non-Current				
Rehabilitation and closure cost provision (note 8)		**1,638**		1,505
Deferred tax liabilities		**9,556**		8,866
Other long-term liabilities (note 9)		**2,569**		2,724
Total Non-Current Liabilities		**13,763**		13,095
Total Liabilities	**$**	**18,749**	$	22,477

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

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

		April 30, 2013		July 31, 2012
Equity				
Share capital (note 10)		**43,752**		43,053
Equity reserve		**10,738**		10,620
Foreign currency translation reserve		**(3,487)**		(3,294)
Accumulated deficit		**(13,175)**		(16,665)
Total Equity		**37,828**		33,714
Total Liabilities and Equity	**$**	**56,577**	$	56,191

Commitments (notes 10 and 12)

Approved by the Directors:

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

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

Starcore International Mines Ltd.

Condensed Interim Consolidated Statements of Operations and Comprehensive Income (Loss)
(in thousands of Canadian dollars except per share amounts)
(Unaudited)

	For the three months ended April 30, 2013	2012	For the nine months ended April 30, 2013	2012
Revenues				
Mined ore	**$ 6,872**	$ 10,628	**$ 20,586**	$ 31,151
Purchased concentrate	**-**	3,361	**-**	18,262
Total Revenues	**6,872**	13,989	**20,586**	49,413
Cost of Sales (note 5)				
Mined ore	**4,547**	5,878	**14,644**	14,188
Purchased concentrate	**-**	3,139	**-**	17,412
Total Cost of Sales	**(4,547)**	(9,017)	**(14,644)**	(31,600)
Earnings from mining operations	**2,325**	4,972	**5,942**	17,813
Financing costs (net) (note 7)	**(277)**	1,929	**(1,013)**	(1,941)
Foreign exchange gain (loss)	**69**	902	**269**	392
Impairment	**-**	-	**(40)**	-
Professional and consulting fees	**(141)**	(278)	**(251)**	(565)
Management fees and salaries	**(191)**	(333)	**(800)**	(552)
Office and administration	**(199)**	(408)	**(645)**	(849)
Shareholder relations	**(58)**	(78)	**(192)**	(270)
Earnings before taxes	**1,528**	6,706	**3,270**	14,028
Income taxes recovery (expense)	**(11)**	(2,534)	**220**	(3,192)
Earnings for the period	**1,517**	4,172	**3,490**	10,836
Other comprehensive loss				
Foreign currency translation differences	**(583)**	(856)	**(193)**	(303)
Comprehensive income for the period	**$ 934**	$ 3,316	**$ 3,297**	$ 10,533
Basic income per share (Note 15)	**$ 0.01**	$ 0.03	**$ 0.02**	$ 0.09
Diluted income per share (Note 15)	**$ 0.01**	$ 0.03	**$ 0.02**	$ 0.08

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

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

For the nine months ended April 30,		**2013**		2012
Cash provided by				
Operating activities				
Earnings (loss) for the period	**$**	**3,490**	$	10,836
Items not involving cash:				
Depreciation and depletion		**2,764**		3,512
Share-based compensation (note 10)		**245**		209
Interest revenue		**-**		(11)
Interest on long-term debt		**467**		75
Unwinding of discount on long-term debt		**419**		685
Employee profit sharing provision (note 9)		**(116)**		(102)
Rehabilitation and closure cost accretion (note 8)		**127**		113
Net gain on forward contracts (note 12)		**-**		1,040
Income tax (recovery) expense		**(220)**		3,192
Change in non-cash working capital items				
Prepaid expenses and advances		**563**		(1,285)
Amounts receivable		**1,479**		(431)
Inventory		**(112)**		339
Trade and other payables		**(48)**		(290)
Taxes paid		**-**		(1,425)
Cash provided by operating activities		**9,058**		16,457
Financing activities				
Share issuances		**497**		5,843
Share issuance costs		**-**		(81)
Repayment of loan payable		**(4,667)**		(3,191)
Interest paid		**(467)**		(75)
Realized forward contract settlements		**-**		(10,146)
Deferred financing costs		**-**		(210)
Cash outflows for financing activities		**(4,637)**		(7,860)
Investing activities				
Purchase of short-term investments		**(1,350)**		(1,250)
Sale of short-term investments		**1,600**		-
Interest received		**10**		8
Purchase of mining interest, plant and equipment		**(2,547)**		(4,122)
Cash outflows for investing activities		**(2,287)**		(5,364)
Total increase in cash		**2,134**		3,233
Effect of foreign exchange rate changes on cash		**(150)**		(970)
Cash, beginning of period		**1,675**		712
Cash, end of period	**$**	**3,659**	$	2,975

Non-cash transactions - note 10

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

Starcore International Mines Ltd.

Condensed Interim Consolidated Statements of Changes in Equity for the periods ended April 30, 2013 and 2012
(in thousands of Canadian dollars, except for number of shares)
(Unaudited)

		Number of Shares Outstanding	Share Capital	Equity Reserve	Foreign Currency Translation Reserve	Accumulated Deficit	Total
Balance, July 31, 2011		105,808,970	$ 36,750	$ 10,240	$ (3,424)	$ (31,000)	$ 12,566
Issued for cash pursuant to:							
Private placement of units	- at $0.25	9,010,000	1,890	363	-	-	2,253
Exercise of warrants	- at $0.15	18,484,771	3,084	(311)	-	-	2,773
Exercise of agent warrants	- at $0.15	3,892,910	677	(93)	-	-	584
Exercise of options	- at $0.15	1,550,000	345	(112)	-	-	233
Share issue costs: Cash		-	(68)	(13)	-	-	(81)
Warrants		-	(39)	39	-	-	-
Share-based compensation		-	-	209	-	-	209
Foreign currency translation		-	-	-	(303)	-	(303)
Earnings for the period		-	-	-	-	10,836	10,836
Balance, April 30, 2012		138,746,651	42,639	10,322	(3,727)	(20,164)	29,070
Issued for cash pursuant to:							
Exercise of warrants	- at $0.15	50,000	59	(52)	-	-	7
Issued as a bonus on financing	- at $0.36	1,000,000	360	-	-	-	360
Share issue costs: Cash		-	(5)	(1)	-	-	(6)
Share-based compensation		-	-	351	-	-	351
Foreign currency translation		-	-	-	433	-	433
Earnings for the period		-	-	-	-	3,499	3,499
Balance, July 31, 2012		139,796,651	43,053	10,620	(3,294)	(16,665)	33,714

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

Starcore International Mines Ltd.

Condensed Interim Consolidated Statement of Changes in Equity for the periods April 30, 2013 and 2012 (cont'd)
(In thousands of Canadian dollars, except for number of shares)
(Unaudited)

		Number of Shares Outstanding	Share Capital	Equity Reserve	Foreign Currency Translation Reserve	Accumulated Deficit	Total
Balance, July 31, 2012		139,796,651	$ 43,053	$ 10,620	$ (3,294)	$ (16,665)	$ 33,714
Issued as a bonus on financing	- at $0.25	300,000	75	-	-	-	75
Issued for cash pursuant to:							
Exercise of warrants	- at $0.15	3,261,814	613	(124)	-	-	489
Exercise of agent warrants	- at $0.25	32,000	11	(3)	-	-	8
Share-based compensation		-	-	245	-	-	245
Foreign currency translation		-	-	-	(193)	-	(193)
Loss for the period		-	-	-	-	3,490	3,490
Balance, April 30, 2013		**143,390,465**	**$ 43,752**	**$ 10,738**	**$ (3,487)**	**$ (13,175)**	**$ 37,828**

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

2. Basis of Preparation

a) Statement of Compliance

These unaudited condensed interim consolidated financial statements for the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). These condensed interim consolidated financial statements, for the nine month period ended April 30, 2013, have been prepared in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting, and do not include all of the information required for full annual financial statements.

These condensed interim financial statements should be read in conjunction with the Company’s 2012 annual financial statements.

The financial statements were authorized for issue by the Board of Directors on June 10, 2013.

b) Basis of Measurement

The consolidated financial statements have been prepared on a historical cost basis, except for the revaluation of held-for-trading financial assets and other financial liabilities.

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 judgement in applying the Company’s accounting policies. The areas involving a higher degree of judgement of complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4 of the Company’s July 31, 2012 annual consolidated financial statements.

(in thousands of Canadian dollars unless otherwise stated)

2. Basis of Preparation – (cont'd)

c) Basis of consolidation

These consolidated financial statements include the accounts of the Company and all of its subsidiaries, which are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from the entity's activities. Subsidiaries are included in the consolidated financial results of the Company from the effective date of acquisition up to the effective date of disposal or loss of control. The Company's wholly-owned subsidiaries, SAM Servicios Administrativos Mineros, S.A. de C.V. (Mexico), Compañia Minera Peña de Bernal, S.A. de C.V. (Mexico), Norma Mines Limited, Minas Vallarta Resources Ltd. and 1794598 Ontario Inc. (Canada) carry out their operations in Mexico.

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

3. Short-term Investments

At April 30, 2013, the Company held a Guaranteed Investment Certificate ("GIC") with a market value of $1,352, earning interest income at prime minus 1.8% per annum and maturing on March 18, 2014. At July 31, 2012, the Company held a GIC with a market value of $1,612, earning interest income at prime minus 1.8% per annum and maturing on February 4, 2013. This GIC is cashable at the Company's option and is considered to be the same as cash.

The Company's short-term investments are held at one financial institution and as such the Company is exposed to the risks of that financial institution.

4. Amounts Receivable

	April 30, 2013	July 31, 2012
Taxes receivable	**$ 1,761**	$ 3,330
Customers	**164**	141
Other	**82**	47
	$ 2,007	$ 3,518

5. Inventory

	April 30, 2013	July 31, 2012
Carrying value of inventory:		
Doré	**$ 1,545**	$ 1,585
Work-in-process	**296**	160
Supplies	**665**	687
	$ 2,506	$ 2,432

(in thousands of Canadian dollars unless otherwise stated)

5. Inventory – (cont'd)

For the nine months ended April 30,		**2013**		2012
Inventory included in cost of sales:				
Mined ore		**11,900**	$	11,221
Purchased concentrate		**-**		16,888
	$	**11,900**	$	28,109

6. Mining Interest, Plant and Equipment

		Mining Interest		**Plant and Equipment**		**Corporate Office Equipment**		**Total**
Cost								
Balance July 31, 2011	$	39,789	$	8,424	$	232	$	48,445
Additions		4,235		2,126		11		6,372
Effect of foreign exchange		1,954		406		-		2,360
Balance July 31, 2012		45,978		10,956		243		57,177
Additions		2,061		408		78		2,547
Effect of foreign exchange		(686)		(165)		-		(851)
Balance April 30, 2013	**$**	**47,353**	**$**	**11,199**	**$**	**321**	**$**	**58,873**
Depreciation								
Balance July 31, 2011	$	6,182	$	2,978	$	181	$	9,341
Depreciation for the year		3,825		628		27		4,480
Effect of foreign exchange		153		143		-		296
Balance July 31, 2012		10,160		3,749		208		14,117
Depreciation for the period		2,115		626		23		2,764
Effect of foreign exchange		(172)		(65)		-		(237)
Balance April 30, 2013	**$**	**12,103**	**$**	**4,310**	**$**	**231**	**$**	**16,644**
Carrying amounts								
Balance July 31, 2012	$	35,818	$	7,207	$	35	$	43,060
Balance April 30, 2013	**$**	**35,250**	**$**	**6,889**	**$**	**90**	**$**	**42,229**

(in thousands of Canadian dollars unless otherwise stated)

7. Loan Payable

During the year ended July 31, 2012, the Company secured an $11 million credit facility (the "Facility") with Sprott Resource Lending. The Facility bears interest at 11% per annum, compounded and payable monthly, with monthly principal payments of $917 to be made commencing May 31, 2012, with the final payment subject to the amended terms discussed below. The Facility may be repaid in full without penalty.

In consideration for the Facility, the Company paid structuring fees, finder's fees and legal fees of $376 and issued 1,000,000 common shares. The fair value of the shares has been determined to be equal to the market price on the date of grant, being $0.36 per share or $360. The Facility is guaranteed by the Company's wholly owned subsidiary, Bernal, and will be secured by a fixed and floating charge and specific registration over all of the assets of the Company and Bernal, including the San Martin gold and silver mine in Queretaro, Mexico, and a pledge of all of the shares of Bernal held by the Company.

The Facility has been classified as an other financial liability at amortized cost of $11,000, less the fair value of the shares, structuring, finder's and legal fees, totaling $736 (the "Discount"). As a result, the recorded liability to repay the Facility was lower than its face value.

On December 19, 2012, the Company amended the Facility and is not required to make principal payments until October 31, 2013. The amended terms of the outstanding credit facility allow the Company the flexibility to make one balloon payment by October 31, 2013. Consideration paid for the amendment was the issuance of 300,000 shares with a market value of $0.25 per share totaling $75. The fair value of these shares has been added to the Discount of the Facility and the total remaining facility will be charged to the Company's profit and loss as described below.

The Discount is being charged to the Company's profit and loss and added to the liability over the life of the Facility. During the period ended April 30, 2013, the Company made payments totaling $5,134 (year ended July 31, 2012: $2,999), consisting of $4,667 repayment of principal (year ended July 31, 2012: $2,750) and $467 of interest (year ended July 31, 2012: $249). Over the period, $419 of the discount was recognized as a financing cost in the Company's total earnings.

During the period ended April 30, 2013, the Company paid $1,000 towards the Facility's principal.

	Principal	Discount	Total
Balance, July 31, 2011	$ -	$ -	$ -
Financing, May 17, 2012	11,000	(736)	10,264
Payments made during the year	(2,750)	-	(2,750)
Unwinding of discount	-	184	184
Balance, July 31, 2012	8,250	(552)	7,698
Amendment, December 19, 2012	-	(75)	(75)
Payments made during the period	(4,667)	-	(4,667)
Unwinding of discount	-	419	419
Balance, April 30, 2013	**$ 3,583**	**$ (208)**	**$ 3,375**

(in thousands of Canadian dollars unless otherwise stated)

7. Loan Payable – (cont'd)

The Company's financing costs for the period ended April 30, 2013 and 2012 as reported on its Consolidated Statement of Operations and Comprehensive Income (Loss) can be summarized as follows:

For the period ended April 30,	2013	2012
Rehabilitation and closure accretion (Note 8)	$ 127	$ 113
Investec Loan unwinding of discount	-	685
Investec Loan interest expense	-	91
Investec Loan financing cost	-	23
Facility discount unwinding	419	-
Facility interest expense	467	-
Interest revenue	-	(11)
Net loss on forward contract obligations (Note 12)	-	1,040
	$ 1,013	$ 1,941

8. Rehabilitation and Closure Cost Provision

The Company's asset retirement obligations consist of reclamation and closure costs for the mine. At April 30, 2013, the present value of obligations is estimated at $1,638 (July 31, 2012 - $1,505) based on expected undiscounted cash-flows at the end of the mine life of 37,855,000 Mexican pesos ("MP") or $2,903 (July 31, 2012 - $2,858), which is calculated annually over 5 to 10 years. Such liability was determined using a discount rate of 11% (July 31, 2012 – 11%), an inflation rate of 5% (July 31, 2012 – 5%).

Significant reclamation and closure activities include land rehabilitation, demolition of buildings and mine facilities and other costs.

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

	April 30, 2013	July 31, 2012
Balance, beginning of period	$ 1,505	$ 1,473
Accretion expense	127	148
Foreign exchange fluctuation	6	(116)
	$ 1,638	$ 1,505

9. Other Long – Term Liabilities

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

10. 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 are declared from time-to-time. No dividends have been declared by the Company since its inception. All shares are ranked equally with regard to the Company's residual assets.

During the period ended April 30, 2013, the Company issued:
- 300,000 shares pursuant to the amendment of the Facility agreement at $0.25 per share or $75 (Note 7);
- 3,261,814 shares pursuant to the exercise of share purchase warrants at $0.15 per share for proceeds of $489. The fair value of the warrants as determined on the date of issuance, being $124, was transferred to the Company's share capital from equity reserve on exercise;
- 32,000 shares pursuant to the exercise of share purchase agent warrants at $0.25 per share for proceeds of $11. The fair value of the warrants as determined on the date of issuance, being $3, was transferred to the Company's share capital from equity reserve on exercise.

During the period ended July 31, 2012, the Company issued:
- 1,000,000 shares pursuant to the $11,000 credit facility (Note 7). The fair value of the shares has been determined to be equal to the market price on the date of grant, being $0.36 per share or $360;
- 18,534,771 shares pursuant to the exercise of share purchase warrants at $0.15 per share for proceeds of $2,780. The fair value of the warrants as determined on the date of issuance, being $363, was transferred to the Company's share capital from equity reserve on exercise;
- 3,892,910 shares pursuant to the exercise of agent warrants at $0.15 per share for proceeds of $584. The fair value of the warrants as determined on the date of issuance, being $93, was transferred to the Company's share capital from equity reserve on exercise; and
- 1,550,000 shares pursuant to the exercise of share purchase options at $0.15 per share for proceeds of $233. The fair value of the warrants as determined on the date of issuance, being $112, was transferred to the Company's share capital from equity reserve on exercise.

On January 30, 2012, the Company completed a non-brokered financing for the issuance of 9,010,000 Units at $0.25 per Unit for proceeds of $2,253. Each Unit consisted of one share and one half of one share purchase warrant. Each whole warrant entitles the holder to acquire one additional share of the Company at $0.35 until January 30, 2014. The $2,253 proceeds of the financing were allocated to the shares and warrants, pro rata, using the market value of the shares on the date of issuance and the fair value of the warrants. As a result, share capital increased by $1,890 and equity reserve increased by $363.

The fair value of the warrants was determined using the Black-Scholes model using an expected annual volatility of 84% over a 2 year expected life and a risk free interest rate of 0.95%.

Agents' fees applied in this transaction were in the form of a cash commission of $87 and 464,800 nontransferable Agent Warrants entitling the holder to acquire one common share of the Company at a price of $0.25 to January 30, 2013. Cash commissions were allocated $73 to share capital and $14 to warrants. Share issue costs include $39 allocated to the fair value of Agents' Warrants issued and $7 has been allocated to Warrants.

(in thousands of Canadian dollars unless otherwise stated)

10. Share Capital - (cont'd)

b) Warrants

No warrants were issued during the period ended April 30, 2013.

Pursuant to the January 30, 2012 financing during the year ended July 31, 2012, the Company issued 4,505,000 warrants, each warrant entitling the holder to acquire one common share of the Company at $0.35 until January 30, 2014. The Company also issued 464,800 warrants to agents, exercisable at $0.25 until January 30, 2013.

A summary of the Company's outstanding share purchase warrants at April 30, 2013 and July 31, 2012 and the changes during the periods then ended is presented below:

	Number of warrants	Weighted average exercise price	Equity reserve Amount
Outstanding at July 31, 2011	32,830,995	$ 0.30	$ 1,016
Warrants issued for private placement	4,505,000	$ 0.35	363
Cash paid to agents allocated to warrants	-	$ -	(14)
Warrants issued to agents	464,800	$ 0.25	39
Warrants exercised	(18,534,771)	$ 0.15	(363)
Agent Warrants exercised	(3,892,910)	$ 0.15	(93)
Warrants expired	(347,500)	$ 0.15	-
US Denominated warrants expired	(6,794,000)	$ 0.76	-
Outstanding at July 31, 2012	8,231,614	$ 0.27	948
Warrants exercised	(3,261,814)	$ 0.15	(124)
Agent Warrants exercised	(32,000)	$ 0.25	(3)
Agent Warrants expired	(432,800)	$ 0.25	-
Outstanding at April 30, 2013	**4,505,000**	**$ 0.35**	**$ 821**

At April 30, 2013, there were 4,505,000 warrants exercisable to purchase one common share for each warrant held as follows:

Number of Shares	Exercise Price	Expiry Date
4,505,000	$0.35	January 30, 2014

c) Share-based Payments

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

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

(in thousands of Canadian dollars unless otherwise stated)

10. Share Capital - (cont'd)

The following is a summary of changes in options from July 31, 2012 to April 30, 2013:

Grant Date mm/dd/yy	Expiry Date mm/dd/yy	Exercise Price	Opening Balance	During the Period Granted	Exercised	Cancelled/ Forfeited	Closing	Closing, Vested and Exercisable
11/09/09	11/09/14	$0.15	6,000,000	-	-	-	**6,000,000**	**6,000,000**
01/10/10	01/10/15	$0.21	1,000,000	-	-	-	**1,000,000**	**1,000,000**
03/26/10	03/26/15	$0.15	400,000	-	-	-	**400,000**	**400,000**
05/06/11	05/06/16	$0.15	210,000	-	-	(20,000)	**190,000**	**190,000**
01/16/12	01/16/17	$0.20	450,000	-	-	(50,000)	**400,000**	**266,666**
01/27/12	01/27/17	$0.25	1,995,000	-	-	(38,334)	**1,956,666**	**1,309,993**
04/13/12	04/13/17	$0.37	3,250,000	-	-	-	**3,250,000**	**2,166,664**
			13,305,000	-	-	(108,334)	**13,196,666**	**11,333,323**
Weighted Average Exercise Price			$0.22			$0.18	**$0.23**	**$0.21**

The following is a summary of changes in options from July 31, 2011 to July 31, 2012:

Grant Date mm/dd/yy	Expiry Date mm/dd/yy	Exercise Price	Opening Balance	During the Year Granted	Exercised	Cancelled/ Forfeited	Closing	Closing, Vested and Exercisable
11/09/09	11/09/14	$0.15	7,050,000	-	(800,000)	(250,000)	6,000,000	6,000,000
01/10/10	01/10/15	$0.21	1,000,000	-	-	-	1,000,000	1,000,000
03/26/10	03/26/15	$0.15	400,000	-	-	-	400,000	400,000
10/06/10	10/06/15	$0.15	750,000	-	(750,000)	-	-	-
05/06/11	05/06/16	$0.15	210,000	-	-	-	210,000	139,996
01/16/12	01/16/17	$0.20	-	700,000	-	(250,000)	450,000	149,998
01/27/12	01/27/17	$0.25	-	2,160,000	-	(165,000)	1,995,000	664,991
04/13/12	04/13/17	$0.37	-	3,250,000	-	-	3,250,000	-
			9,410,000	6,110,000	(1,550,000)	(665,000)	13,305,000	8,354,985
Weighted Average Exercise Price			$0.16	$0.31	$0.15	$0.19	$0.22	$0.17

During the period ended April 30, 2013, the Company has stock-based compensation expense of $245 (April 30, 2012: $209), which has been recorded in the statement of comprehensive income and credited to equity reserve. These amounts have been expensed as follows:

For the period ended April 30,	**2013**	2012
Cost of Sales – Mined ore	**$ 38**	$ 58
Professional and consulting fees	**-**	1
Management fees and salaries	**208**	125
Office and administration	**(1)**	21
Shareholder relations	**-**	4
	$ 245	$ 209

(in thousands of Canadian dollars unless otherwise stated)

11. 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 carried at their fair value. There are no other differences between the carrying values and the fair values of any financial assets or liabilities.

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

Currency Risk

Currency risk is the risk to the Company's earnings that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. At April 30, 2013, the Company had the following financial assets and liabilities denominated in Canadian dollars (CDN) and denominated in Mexican Pesos (MP):

	In ‘000 of CDN Dollars		In ‘000 of Mexican Pesos (MP)	
Cash	$	1,257	MP	1,303
Other working capital amounts - net	$	36	MP	(9,269)
Long-term liabilities	$	3,542	MP	33,752

At April 30, 2013, US dollar amounts were converted at a rate of $0.988 Canadian dollars to $1 US dollar and Mexican Pesos were converted at a rate of MP12.98 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 $2,100. A 10% increase or decrease in the MP exchange rate will decrease or increase annual earnings from mining operations by approximately $2,100.

Interest Rate Risk

The Company’s cash earns interest at variable interest rates. While fluctuations in market rates do not have a significant impact on the fair value of the Company’s cash flows. Future cash flows will 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.

(in thousands of Canadian dollars unless otherwise stated)

11. Financial Instruments – (cont'd)

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 investment, the balance of which at April 30, 2013 is $3,659 and $1,352, respectively. Cash of $99 is held at a Mexican financial institution, the remainder of $3,560 and the short-term investment of $1,352 are held at a chartered Canadian financial institution; the Company is exposed to the risks of those financial institutions. All trade receivables are owing from one customer and are receivable in US dollars.

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, 2013, the Company was holding cash of $3,659 and short-term investments of $1,352.

Obligations due within twelve months of April 30,	2013	2014	2015	2016	2017 and beyond
Trade and other payables	$ 1,611	$ -	$ -	$ -	$ -
Loan payable	3,375	-	-	-	-
Reclamation and closure obligations	-	-	-	-	1,638
Other long-term liabilities	-	-	-	-	2,569

The Company's trade and other payables and current portion of its Loan Facility obligations 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. Prudent management of liquidity risk requires the regular review of existing and future loan covenants to meet expected expenditures and obligations under the Facility (see note 7). The Company continues to make all debt and interest payments as required under the Loan Facility. Management believes that profits generated from the mine will be sufficient to meet its financial obligations and management believes that the Company will be able to meet all existing loan covenants in the future.

12. Commitments

Except as disclosed elsewhere in these consolidated financial statements, the Company has the following commitments outstanding at April 30, 2013:

Forward Sales Contracts

During the year ended July 31, 2012, the Company settled the Investec Loan agreement and the forward sales agreement, entered into on the Acquisition, which required that the Company sell 81,876 ounces of gold at a price of US$731 per ounce until January, 2013. These gold sales contracts met the definition of derivatives. As a result of settling the remaining gold sales contracts during the year ended July 31, 2012, there were no remaining gold sales contracts.

(in thousands of Canadian dollars unless otherwise stated)

12. Commitments – (cont'd)

Other Commitments

Except as disclosed elsewhere in these consolidated financial statements, the Company has the following commitments outstanding at April 30, 2013:

a) As at April 30, 2013, the Company has shared lease commitments for office space, of $107 until February 2015, which included minimum lease payments, and estimated taxes, but excluded operating costs, to expiry.

b) As at April 30, 2013, the Company has management contracts to officers and directors totaling $600 per year, payable monthly, expiring in January 2017.

13. Segmented Information

During the period ended April 30, 2013, 100% of the Company's reportable sales were to one third party. The balance owing from this customer on April 30, 2013 was $164 (July 31, 2012 - $141). The Company operates in two reportable geographical and one operating segment. Selected financial information by geographical segment is as follows:

	Mexico	Canada	April 30, 2013 Total
Revenue	$ 20,586	$ -	**$ 20,586**
Earnings (loss) for the period	5,628	(2,138)	**3,490**
Mining interest, plant and equipment	42,139	90	**42,229**
Total assets	53,014	3,563	**56,577**

	Mexico	Canada	April 30, 2012 Total
Revenue	$ 49,413	$ -	$ 49,413
Earnings (loss) for the period	12,665	(1,829)	10,836

	Mexico	Canada	July 31, 2012 Total
Mining interest, plant and equipment	43,025	35	43,060
Total assets	53,756	2,435	56,191

14. 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.

(in thousands of Canadian dollars unless otherwise stated)

15. Earnings and Loss per Share

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

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

	For the three months ended April 30,		**For the nine months ended April 30,**	
	2013	2012	**2013**	2012
Issued common share, beginning of period	**140,294,787**	105,808,970	**139,796,651**	105,808,970
Weighted average issuances	**1,539,763**	21,294,558	**758,261**	14,144,557
Basic weighted average common shares	**141,834,550**	127,103,528	**140,554,912**	119,953,527
Effect of dilutive warrants and options	**6,590,000**	15,751,608	**6,590,000**	15,751,608
Diluted weighted average common shares	**148,424,550**	142,855,136	**147,144,912**	135,705,135

Vested share purchase options and warrants totalling 9,248,323 in aggregate and unvested share purchase options outstanding of 1,863,343, at April 30, 2013, were not included in the computation of diluted earnings per share.