MANAGEMENT DISCUSSION & ANALYSIS
For the six months ended January 31, 2007

Directors and Officers as at March 29, 2007

Directors:

Gary Arca
Robert Eadie
Gary Hawthorn
Charles Jeannes
Cory Kent
Hugh McPherson
Juan Carlos Galvan Pastoriza
Ken Sumanik
Federico Villasenor

Officers:

Chairman, President & Chief Executive Officer – Robert Eadie
Chief Financial Officer – Gary Arca
Chief Operating Officer – Hugh (Bert) McPherson

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TSX Ventures Exchange Symbol:	SAM

Form 51-102-F1

STARCORE INTERNATIONAL VENTURES LTD.

MANAGEMENT DISCUSSION & ANALYSIS
For the Six Months Ended January 31, 2007

1.1 Date of This Report

This MD&A is prepared as of March 29, 2007.

This Management Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited consolidated financial statements of Starcore International Ventures Ltd. ("Starcore", or the "Company") for the six months ended January 31, 2007. All dollar amounts herein are expressed in Canadian Dollars unless stated otherwise.

This MD&A includes certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical facts, that address exploration drilling, exploitation activities and events or developments that the Company expects are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, continued availability of capital and financing and general economic, market or business conditions. 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.

1.2 Overall Performance

Description of Business

Starcore International Ventures Ltd. is in the business of owning, acquiring, exploiting, exploring and evaluating mineral properties, and either joint venturing or developing these properties further or disposing of them when the evaluation is completed. The Company is in the exploration stage and has interests in properties located in Mexico.

Subsequent to January 31, 2007, the Company completed the acquisition of Compañia Minera Pena 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") which results in a change in the Company's business to an active gold and silver producer. Upon completion of the Acquisition of the San Martin mine (see section 1.4.1), the Company became classified as a Tier 1 reporting issuer.

1.3 Selected Annual Information

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

	July 31, 2006	July 31, 2005	July 31, 2004
(a) Net sales	**-**	-	-
(b) Loss before extraordinary items			
(i) Total loss	**$889,988**	$679,294	$245,408
(ii) Loss per share - basic	**$0.07**	$0.07	$0.11
(iii) Loss per share - diluted	**$0.07**	$0.07	$0.11
(c) Net loss			
(i) Total loss	**$889,988**	$679,294	$245,408
(ii) Loss per share - basic	**$0.07**	$0.07	$0.11
(iii) Loss per share - diluted	**$0.07**	$0.07	$0.11
(d) Total assets	**$8,700,363**	$2,020,544	$753,216
(e) Total long-term liabilities	**-**	-	-
(f) Cash dividends declared per-share	**N/A**	N/A	N/A

1.4 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 hereto.

1.4.1 Acquisition of San Martin

Effective February 1, 2007, the Company completed the acquisition (the "Acquisition") of Bernal, the owner of the San Martin Mine in Queretaro, Mexico, from Luismin, a wholly-owned subsidiary of Goldcorp Inc. In connection with the Acquisition, the Company paid US$24 million and issued 4,729,000 common shares to Luismin, which are subject to a hold period expiring June 1, 2007. Bernal became a subsidiary of the Company's subsidiary, Starcore Mexicana, S.A. de C.V. with the completion of the Acquisition and Starcore is now, through its wholly-owned subsidiary, the owner of producing mining assets in Mexico.

The San Martin Mine, an ISO 9002 certified facility located approximately 50km east of the City of Queretaro, State of Queretaro, Mexico, consists of mining concessions covering 12,992 hectares and includes two underground mines, San Jose and San Martin. Luismin has been operating the mine since 1993 and Starcore intends to continue operating the mine. Mining at San Martin over the past eight years has been at a rate of about 267,000/tonnes per year. Exploration is able to maintain approximately three years reserves replacing those mined with new reserves. Reported production during 2006 was 266,039 tonnes grading 2.82 g Au/t and 52 g Ag/t, resulting in 22,004 oz of gold and 235,805 oz of silver. As of December

31, 2006, reserves and resources at San Martin as reported in "A Technical Review of the San Martin Project for Starcore International Ventures Ltd." dated September 27, 2006, and revised February 1, 2007, prepared by Watts, Griffis & McOuat Limited (the "Technical Report"), were as follows:

- Total Proven and Probable Mineral Reserves estimated are 1,032,767 tonnes at a grade of 43 g Ag/t and 3.66 g Au/t, yielding approximately 44,574 kg of Ag and 3,784 kg of Au., using cut-off grades based on total operating costs of US$30.18/t and cut off values for silver of US$7.00 per troy ounce and for gold of US$450 per troy ounce;

- The total Inferred Mineral Resources estimated and not included in the Mineral Reserves stated above are about 1.88 million tonnes at an approximate grade of 60 g Ag/t and 3.75 g Au/t;

- In addition to the Mineral Reserves and Mineral Resources disclosed above, the total Inferred Mineral Resources estimated for San Pedrito (included in the package of properties acquired from Luismin by Starcore), located approximately 50 km west of San Martin, are about 1.125 million tonnes at an approximate grade of 221 g Ag/t and 0.63 g Au/t.

See the Technical Report, available on SEDAR, for further information on the San Martin Project.

The Acquisition was funded, in part, through a private placement of 37,400,000 subscription receipts (each a "Subscription Receipt") at a price of $0.50 per Subscription Receipt for gross proceeds of $18,700,000 (the "Offering"). With the completion of the Acquisition, the conditions to the conversion of the Subscription Receipts were satisfied and each Subscription Receipt was deemed to have been converted into one common share and one-half of one share purchase warrant (a "Warrant"). Each full Warrant is exercisable into one additional common share of the Company for a period of three years from the closing of the Offering at an exercise price of $0.80. The Warrants include an early expiry feature which may be triggered should the common shares close above $2.50 over a minimum period of forty-five calendar days. 22,173,200 of the Common Shares are subject to a hold period expiring May 19, 2007. Pursuant to the Offering, the Company incurred cash commissions of $833,412, issued 447,144 common shares subject to a four month hold period expiring June 1, 2007 and granted 879,840 agents warrants entitling the holder to acquire one share at $0.80 for one year with the same early expiry provisions as the warrants issued in the Offering.

The balance of the funding was provided by a US$13,000,000 bank financing (the "Loan") from Investec Bank (UK) PLC ("Investec"). The loan matures on January 31, 2013 and bears interest at LIBOR plus 3%. In connection with the Loan, the Company issued to Investec detachable warrants (the "Loan Warrants") exercisable to acquire common shares in the capital of the Company (each a "Warrant Share") as follows: 12,442,000 Warrant Shares at a price of Cdn$0.76 (or US$0.643) per share exercisable until January 31, 2011; and 6,794,000 warrants exercisable until January 31, 2012 at a price of Cdn$0.87 (or US$0.736), and for a further period of one year if any of the Loan remains outstanding at a price equal to the greater of Cdn$0.87 (or US$0.736) and 160% of the volume weighted average trading price of the Company's common shares for the five business days before January 31, 2012. These Loan Warrants will be valued at fair value and recorded in the accounts, as appropriate, in the period of issuance. The Loan Warrants and any Warrant Shares issued upon exercise of the Loan Warrants are subject to a four-month hold period expiring June 1, 2007.

The Loan required that the Company enter into a forward sales agreement for the sale of 81,876 ounces of gold at a price of US$731 per ounce. The sales of approximately 1,135 ounces per month will occur over the period of the Loan from February 28, 2007 to January 31, 2013.

In connection with the Acquisition, effective February 1, 2007, Federico Villaseñor, a Director of Bernal, and Charles Jeannes, Executive Vice President of Goldcorp, have been appointed directors of the Company.

The Company also announced that Hugh (Bert) McPherson has joined the Company as a Director and Chief Operating Officer in charge of the San Martin Mine in Queretaro, Mexico. Along with the responsibility of managing the operations, exploration and expansion of San Martin, Mr. McPherson will be involved in the evaluation and acquisition of future projects.

Under the terms of the Acquisition, Luismin will continue to operate the San Martin mine on behalf of the Company for up to one year. The Company will pay all costs incurred by Luismin plus fees for services and overhead. Also, the Company has agreed to grant Goldcorp a security interest over the Bernal mining properties as collateral to ensure that Bernal maintains an agreement to sell all silver produced from the mine to Goldcorp until October, 2029, at the prevailing spot market rate at the time of sale.

1.4.2 Property Activity

Mineral Property – Cerro de Delores

The Company entered into an option agreement effective December 15, 2003, with Wheaton River Minerals Ltd. and two of Wheaton's subsidiaries, Luismin and Compania Minera Astumex, S.A. de C.V. (collectively, "Goldcorp") for the acquisition of up to an 80% interest in the Cerro de Dolores property (the "Agreement") subject to a 3% net smelter return royalty.

In order to exercise an initial option and acquire a 51% interest in the property, the Company must issue a total of 250,000 post consolidation common shares and incur US $1.4 million in exploration expenditures on the property over a four year period as follows:

- 100,000 common shares upon TSX Venture Exchange (the "Exchange") acceptance of the Agreement on June 23, 2004 (issued at $0.50);
- an additional 50,000 common shares (issued at $0.50) and US $300,000 in exploration expenditures on or before June 23, 2005 (incurred);
- an additional 50,000 common shares and US $300,000 in exploration expenditures on or before June 23, 2006;
- an additional 50,000 common shares and US $300,000 in exploration expenditures on or before June 23, 2007; and
- the final US $500,000 in exploration expenditures on or before June 23, 2008.

The Company is in default of the requirements under the agreement for the period ended June 23, 2006, and is currently renegotiating the terms of agreement with Goldcorp.

Upon issuing the shares and completing the expenditures set out above, the Company will have earned a 51% interest in the Cerro de Dolores property. The Company can earn an additional 29% interest in the property by placing the property into commercial production. If the Company earns its initial 51% interest but does not place the property into commercial production, Goldcorp will have the option to re-acquire an 11% interest in the property from the Company for a cash purchase price of US $300,000 or 11/80 of the exploration expenditures incurred by the Company.

In November 2004, the Company announced the acquisition, through staking, of additional exploration ground contiguous to its 697 hectare Cerro de Dolores property in the Guerro/Puebla States in Mexico. The newly acquired land (2,344 hectares) extends north-easterly from the boundary of the existing land position and covers the known extension (about 15 km) of the structural corridor hosting silver-lead-zinc mineralization in the target area. The zones have not been subjected to modern exploration techniques and represent targets for resource expansion for the Company.

Proposed Exploration Program

The Company engaged Orequest Consulting to prepare the technical report. Orequest recommended that the Company expend US$315,700 on exploration of the property, including a 1500m drilling program.

Developments and Future Plans

Since acquiring the Cerro Delores property, the Company has completed the following tasks:

- commissioned and received a NI 43-101 Report;
- compiled the data and map base in electronic format and entered critical data in SURPAC development software;
- received two independent cost estimates for mining activity at the project;
- selected sites for water access, processing and tailings disposal;
- conducted bench scale metallurgical testing of underground samples;
- sourced and costed out key process equipment;
- ascertained that the existing underground workings into the mineralization are accessible;
- initiated environmental studies;
- obtained term sheets from smelters and estimated transportation costs;
- conducted internal production and financial models for the possible mining and processing of the El Transito Deposit to monitor financial viability and identify critical variables.

In June, 2005, the Company announced that it had completed the surface sampling and short hole percussion drilling program. 332 surface samples were taken and 1136 meters were drilled in 87 holes.

The work program was divided between the El Transito deposit and the investigation of “outside targets” which had been identified by previous operators but never subjected to modern exploration. At El Transito, 25 surface samples were taken and 32 short holes drilled in an effort to locate and evaluate the mineralization along strike to the northeast. Samples from this program will also be used for metallurgical testing. The existing resource at El Transito has been estimated by previous operators at 479,897 tonnes grading 147 grams per tonne silver, 1.9% lead and 5.9% zinc. This is an historical estimate and is not compliant with NI 43-101. Drilling during Phase 1 at El Transito was restricted by rig capability to the upper zinc-rich portions. Several of the prospects tested demonstrated sufficient grade and strike and depth continuity to represent legitimate targets for diamond drilling. The majority are in east-west structural zones in limestone overlying phyllitic rocks similar to those which host the El Transito Deposit and may represent important “leakage anomalies” caused by buried replacement-style mineralization.

This work program was designed primarily to guide the 2,000 meter diamond drill program (Phase II) to be started when suitable equipment is available. This program which will focus on expanding the resource base at El Transito and testing selected outside targets for additional lead, zinc silver and gold mineralization at Cerro Dolores.

Surface samples were sent to the ALS Chemex facility in Guadalajara, Mexico for preparation and forwarding to Vancouver, B.C. for assaying. All percussion drill samples were forwarded directly to EcoTech Laboratories in Kamloops, B.C. for preparation and assaying. The work program was designed and supervised by Robert Sibthorpe, B.Sc. (Geology), M.B.A.

The Company has not completed the second year work program or share issuances, and is in default under the agreement. The Company has had discussions with Goldcorp to extend the time for completing the additional work expenditures. There is no guarantee the parties will come to an agreement for the extension of time to complete the work expenditures.

Mineral Property – Black Silver

In January, 2005, as amended January 10, 2006, the Company entered into an option agreement to acquire a 100% interest in the Black Silver Property located in southern Arizona. In order to exercise the option, the Company was to pay US $120,000 (US$10,000 paid), issue 250,000 shares (25,000 issued) and incur US $500,000 exploration expenditures.

During the period ended January 31, 2007, Management of the Company has decided to abandon this option and recognize a loss of $239,377 on the write-off of the Mineral property and related deferred exploration costs.

1.4.3 Results of Operations

The loss for the period ended January 31, 2007 was $885,607 as compared with a loss of $370,132 for the period ended January 31, 2006. The details of the expenses are as follows:

Period Ended January 31,		2007		2006		Increase/ (Decrease)
Amortization	**$**	**6,396**	$	5,620	$	776
Consulting fees		**26,269**		55,831		(29,562)
Legal, audit and accounting		**9,304**		18,486		(9,182)
Management fees		**30,905**		16,500		14,405
Office and miscellaneous		**73,492**		26,164		47,328
Property investigation		**-**		7,630		(7,630)
Shareholders' information		**238,844**		36,346		202,498
Stock-based compensation		**234,675**		161,450		73,225
Transfer agent and regulatory fees		**75,758**		8,737		67,021
Travel, accommodation, meetings		**23,075**		34,145		(11,070)
Foreign exchange		**110,723**		255		110,468
Investment and interest income		**(183,211)**		(1,033)		(182,178)
Write-off of Mineral property		**239,377**		1		239,376
Loss for the period	**$**	**885,607**	$	370,132	$	515,475

During the period ended January 31, 2007, the Company incurred additional costs of $183,013 relating to the proposed Acquisition of the San Martin mine and to the related financing and share issuance costs. The costs have been recorded as Deferred Acquisition Costs, Deferred Share Issuance Costs and Deferred Financing Costs, which total $247,240, $89,026, and $134,158 respectively, and are classified as non-current assets on the balance sheet. One of the most significant expenses was the Stock based compensation expense of $234,675 for the period ended January 31, 2007, representing an increase of $73,225 over the prior period. This amount reflects the fair value calculated of the stock options granted and vested during the period. The Company uses the Black-Scholes option valuation model to calculate the fair value of share purchase options at the date of grant.

The explanation for other significant changes in expense accounts are as follows:

- Legal, audit and accounting – decreased by $9,182. The Company expensed the majority of audit and accounting fees in the July 31, 2006 period end. Legal fees are also lower due to timing of fees incurred over the quarter as compared to the prior period and as most fees were deferred as explained above;
- Office and Miscellaneous and Transfer Agreement and regulatory fees – increased by $47,328 and $67,021, respectively. The Company has increased corporate activity in the fiscal period in relation to the proposed acquisition;
- Shareholders' information – increase of $202,498. The Company undertook extensive promotional activity, including conferences and travel, relating to the acquisition of the San Martin mine and the related financing;
- Investment and interest income – increased by $182,178. The Company maintained significant funds in escrow pursuant to the financing of the San Martin mine at period end, in excess of funds on hand in the previous period.
- Foreign exchange – Loss of $110,723. The Company maintained funds in US dollars pursuant to the proposed acquisition during a period that the US dollar weakened.

Investor Relations Activities

During the period ended January 31, 2007, the Company directly responded to investor inquiries. There were no formal investor relations agreements in place. A director of the Company and two consultants acted as spokespersons responding to any shareholder or investor calls. The Company engaged the services of these two consultants specifically for Shareholder communication and marketing services at approximately $8,000 a month effective September, 2006.

Subsequent to January 31, 2007, the Company engaged the firm of Michael Baybak and Company, Inc. ("MBC") to conduct institutionally-oriented investor relations programs on behalf of the Company. Headed by Mr. Michael Baybak, MBC is a long-term institutional and media investor relations specialist in the natural resource sector, with a focus on introducing Canadian resource companies of merit to broader institutional and retail investor audiences. In consideration of the services to be provided, the Company has agreed to pay MBC a monthly retainer of US$7,000 for a period of one-year, with a right of termination after the first five months. In addition, the Company has agreed to allocate to a principal of MBC, incentive stock options in an aggregate amount of 600,000 shares at an exercise price of $1.06 per share, subject to regulatory approvals.

Financings, Principal Purposes & Milestones

In addition to the financing pursuant to the acquisition of the San Martin mine discussed in section 1.4.1, the Company completed a non-brokered private placement with RMB Australia Holdings Ltd., for the issuance of 1,785,714 units of Starcore (the "Units") at a price of $0.56 per Unit, for gross proceeds of $1,000,000. Each Unit is composed of one common share of the Company and one-half of one non-transferable common share purchase warrant (the "Warrant"). Each Warrant is exercisable into one additional common share for a period of three (3) years from the closing date of the private placement at an exercise price of $0.80. The warrants will include an early expiry feature which the Company may trigger should the common shares close above $2.50 over a minimum period of forty-five calendar days. The Company paid a cash commission of $60,000 pursuant to the private placement. All securities issued by the Company pursuant to this private placement are subject to a four month hold period expiring on June 7, 2007.

During the six months ended January 31, 2007, the Company also received $1,287,199 pursuant to the exercise of 2,145,332 warrants at $0.60 per common share and $278,800 pursuant to the exercise of options at $0.40 to $0.68 per common share.

1.5 Summary of Quarterly Results

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

	Q2 31-Jan-07	Q1 31-Oct-06	Q4 31-Jul-06	Q3 30-Apr-06	Q2 31-Jan-06	Q1 31-Oct-05	Q4 31-Jul-05	Q3 30-Apr-05
Net Loss:								
Total	$778,977	$106,630	$330,167	$189,689	$164,005	$206,127	$228,219	$181,288
Per share	$0.06	$0.01	$0.03	$0.01	$0.01	$0.02	$0.02	$0.02
Per share - diluted	$0.06	$0.01	$0.03	$0.01	$0.01	$0.02	$0.02	$0.02

Discussion

For discussion on the period ended January 31, 2007, please refer to Section 1.4 Results of Operations.

1.6 Liquidity

The Company expects to receive income from the mining operations at San Martin (section 1.4.1). This, coupled with recent financings, has resulted in sufficient working capital and liquidity to the Company.

As at January 31, 2007, the Company had a working capital of $1,342,769. The Company's historical capital needs have been met by equity subscriptions. The Company may require additional financing to fund future acquisitions and exploration, however, future operating cash flow is expected to be generated from the San Martin mine. The Company anticipates funding future acquisitions, property investigations, exploration programs and anticipated administrative and overhead expenses through operating cash flow and, possibly, through additional equity subscriptions, such as private placements, and through the exercise of warrants and options. In light of the continually changing financial markets, there is no assurance that funding by equity subscriptions will be possible at the times required or desired by the Company.

1.7 Capital Resources

The only capital resource of the Company are the mineral properties, with historical costs of $746,675 as at January 31, 2007. The Company is committed to further expenditures on the properties, as detailed in Section 1.4 Results of Operations. Subsequent to January 31, 2007, the Company acquired the San Martin mine as discussed in section 1.4.1.

1.8 Off Balance Sheet Arrangements

There are no off-balance sheet arrangements to which the Company is committed.

1.9 Transactions with Related Parties

The following transactions with directors or companies controlled by directors or in which a director is a partner have been valued in these financial statements at the exchange amount, which is the amount of consideration established and agreed to by the related parties:

		Period ended January 31,	
		2007	2006
Legal		**$ 5,956**	$
Consulting		**22,000**	-
Management fees and salary		**29,000**	16,500
Deferred fees	- acquisition costs	**83,285**	-
	- administration costs	**16,500**	10,500
	- financing costs	**96,429**	-
	- geological costs	**-**	8,500
	- share issue costs	**12,673**	-
		$ 265,843	$ 35,500

Included in prepaid expenses are $7,500 (July 31, 2006; $5,500) and included in accounts payable and accrued liabilities are $179,321 (July 31, 2006; $36,331) owing from or to these related parties. During the year ended July 31, 2006, the Company issued 272,222 shares to a director pursuant to the exercise of options and warrants for gross proceeds of $153,333. During the period ended January 31, 2007, the Company issued 500,000 shares to directors pursuant to the exercise of options for gross proceeds of $200,000.

1.10 Second Quarter

The second quarter results differ significantly from other quarters, due to the activity surrounding the acquisition of the San Martin mine discussed in Section 1.4.1.

1.11 Critical Accounting Estimates

Mineral properties and deferred exploration costs

Mineral properties consist of exploration and mining concessions, options and contracts. The Company defers the cost of acquiring, maintaining its interest, exploring and developing mineral properties until such time as the properties are placed into production, abandoned, sold or considered to be impaired in value. Costs of producing properties will be amortized on a unit of production basis and costs of abandoned properties are written-off. Proceeds received on the sale of interests in mineral properties are credited to the carrying value of the mineral properties, with any excess included in operations. Write-downs due to impairment in value are charged to operations.

The Company is in the process of exploring and developing its mineral properties and has not yet determined the amount of reserves available. Management reviews the carrying value of mineral properties on an annual basis and will recognize impairment in value based upon current exploration results, the prospect of further work being carried out by the Company, the assessment of future probability of profitable revenues from the property or from the sale of the property. Amounts shown for properties represent costs incurred net of write-downs and recoveries, and are not intended to represent present or future values.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations and which do not contribute to current or future revenue generation are expensed. Liabilities are recorded when environmental assessments and/or remedial efforts are probable, and the costs can be reasonably estimated.

Asset retirement obligations

The Company has adopted the CICA's new Handbook Section 3110 "asset retirement obligations" which establishes standards for the recognition, measurement and disclosure of liabilities for asset retirement obligations and the associated asset retirement costs. The standards apply to legal obligations associated with the retirement of long-lived tangible assets that arise from the acquisition, construction, development or normal operation of such assets. The standards require that a liability for an asset retirement obligation be recognized in the period in which it is incurred and when a reasonable estimate of the fair value of the liability can be made. Furthermore, a corresponding asset retirement cost should be recognized by increasing the carrying amount of the related long-lived asset. The asset retirement cost is subsequently allocated in a rational and systematic method over the underlying asset's useful life. The initial fair value of the liability is accreted, by charges to operations, to its estimated future value.

Stock-based compensation

As at August 1, 2003, the Company adopted, on a prospective basis, the recommendations of CICA Handbook section 3870, "Stock-Based Compensation and Other Stock-Based Payments." This section establishes standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments made in exchange for goods and services. Stock-based compensation is accounted for at fair value as determined by the Black-Scholes option pricing model using amounts that are believed to approximate the volatility of the trading price of the Company's shares, the expected lives of awards of stock-based compensation, the fair value of the Company's stock and the risk-free interest rate, as determined at the grant date. The estimated fair value of awards of stock-based compensation are charged to expense over their vesting period, with offsetting amounts recognized as contributed surplus. Upon exercise of share purchase options, the consideration paid by the option holder, together with the amount previously recognized in contributed surplus, is recorded as an increase to share capital.

The Company uses the Black-Scholes option valuation model to calculate the fair value of share purchase options at the date of grant. Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate and, therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company's share purchase options.

1.12 Changes in Accounting Policies

Effective August 1, 2006 the Company adopted the provisions of Section 1530 *comprehensive income*, Section 3831 *non-monetary transactions,* Section 3855 *financial instruments –recognition and measurement,* and Section 3865 *hedges*. Adopting these provisions had no material affect on the financial statements for the period January 31, 2007.

1.14 Financial and Other Instruments

The carrying value of cash and cash equivalents, amounts receivable and accounts payable and accrued liabilities and due to/from related parties, approximate their fair values due to the short maturity of those instruments. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial statements.

The recoverability of the amounts capitalized for the mineral properties under exploration is dependent upon the determination of economically recoverable ore reserves, the ability to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

1.15 Other

1.15.1 Disclosure of Outstanding Share Capital

	Number	Book Value
Common Shares	**15,525,331**	**$16,689,691**

There were 7,232,822 incentive stock options outstanding as at January 31, 2007 with an average exercise price of $0.91 per stock option and with expiry dates from March, 2010, to January, 2012.

There were no share purchase warrants outstanding as at January 31, 2007.

Please see section 1.4.1 and section 1.4.3 for additional detailed disclosure on subsequent share issuances and share purchase warrant commitments.

1.15.2 Disclosure Controls and Procedures

The Company has disclosure controls and procedures in place to provide reasonable assurance that any information required to be disclosed by the Company under securities legislation is recorded, processed, summarized and reported within the applicable time periods and to ensure that required information is gathered and communicated to the Company's management so that decisions can be made about timely disclosure of that information. The Company's Chief Executive Officer and Chief Financial Officer evaluated the Company's disclosure controls and procedures for the period ended January 31, 2007 and have found those disclosure controls and procedures to be adequate for the above purposes.

There have been no significant changes in the Company's disclosure controls or in other factors that could significantly affect disclosure controls subsequent to the date the Company carried out its evaluation.

During the Company's most recently completed quarter ended January 31, 2007, there were no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to affect, its internal control over financial reporting.

1.15.3 Additional disclosure

The Company is a venture issuer that has not had significant revenue from operations in either of its last two financial years. The Company has capitalized all expenditures relating to the exploration of its mineral properties. Details of mineral properties and deferred exploration costs for the properties are as follows:

	January 31, 2007	July 31, 2006
Cerro de Dolores - Actual Expenditures		
Acquisition costs	**$ 125,000**	$ 125,000
Assaying & sampling	**53,524**	52,441
Consulting fees (Geological & Engineering)	**160,789**	160,789
Drilling	**112,975**	112,975
Equipment & rental	**5,874**	5,874
Field work, labour & supplies	**25,190**	25,190
General & admin	**87,021**	70,521
Labour	**28,389**	28,389
Legal fees & licenses	**5,491**	5,491
Maps & reports	**2,420**	2,420
Property taxes	**17,555**	17,555
Road construction	**33,057**	33,057
Site visits	**50,735**	50,735
Travel & transportation	**38,654**	28,344
	746,675	718,781
Black Silver - Actual Expenditures		
Acquisition costs	**26,808**	26,808
Assaying & sampling	**17,534**	14,367
Consulting	**48,642**	48,322
Drilling	**114,620**	114,620
License fees	**5,028**	-
Site visits	**7,888**	7,765
Staking	**8,547**	8,547
Travel & transportation	**10,310**	
	239,377	220,429
Write-off of mineral property	**(239,377)**	-
Total Mineral Properties and Deferred Exploration Costs	**$ 746,675**	$ 939,210