

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended April 30, 2018

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

OR

SHELL COMPANY PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report _____

For the transition period from _____ to _____

Commission file number 000-50922

STARCORE INTERNATIONAL MINES LTD.
(Exact name of Registrant as specified in its charter)

Not Applicable
(Translation of Registrant's name into English)

British Columbia, Canada
(Jurisdiction of incorporation or organization)

Suite 750 – 580 Hornby Street, Box 113
Vancouver, British Columbia, Canada V6C 3B6
(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of Class	Name of each exchange on which registered
Not Applicable	Not Applicable

Securities registered or to be registered pursuant to Section 12(g) of the Act.

Common Shares Without Par Value
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

Not Applicable
(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

49,646,851 common shares

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
[] YES [X] NO

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.
[] YES [] NO

Note – Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
[] YES [] NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of “accelerated filer and large accelerated filer” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer [] Accelerated filer [] Non-accelerated filer [X]

Indicate by check mark which financial statement item the registrant has elected to follow.
[] ITEM 17 [X] ITEM 18

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
[] YES [X] NO

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
[] YES [X] NO

Emerging growth company [X]

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. [X]

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CURRENCY AND MEASUREMENT

All currency amounts in this Annual Report are stated in Canadian Dollars unless otherwise indicated.

Approximate conversion of metric units into imperial equivalents is as follows:

Metric Units	Multiply by	Imperial Units
hectares	2.471	= acres
meters	3.281	= feet
kilometers	3281	= feet
kilometers	0.621	= miles
grams	0.032	= ounces (troy)
tonnes	1.102	= tons (short) (2,000 lbs)
grams/tonne	0.029	= ounces (troy)/ton

RESOURCE CATEGORY (CLASSIFICATION) DEFINITIONS

The discussion of mineral deposit classifications in this Annual Report adheres to the mineral resource and mineral reserve definitions and classification criteria developed by the Canadian Institute of Mining ("CIM") 2014. Estimated mineral resources fall into two broad categories dependent on whether the economic viability of them has been established and these are namely "resources" (potential for economic viability) and "reserves" (viable economic production is feasible). Resources are sub-divided into categories depending on the confidence level of the estimate based on level of detail of sampling and geological understanding of the deposit. The categories, from lowest confidence to highest confidence, are inferred resource, indicated resource and measured resource. Reserves are similarly sub-divided by order of confidence into probable (lowest) and proven (highest). These classifications can be more particularly described as follows:

Mineral Resource	A concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade or quality, continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling.
Inferred Mineral Resource	That part of a Mineral Resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity. It has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.

Indicated Mineral Resource	That part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of modifying factors - including, but not limited to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors (collectively, "Modifying Factors") in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing and is sufficient to assume geological and grade or quality continuity between points of observation. It has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Mineral Reserve.
Measured Mineral Resource	That part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing and is sufficient to confirm geological and grade or quality continuity between points of observation. It has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. It may be converted to a Proven Mineral Reserve or to a Probable Mineral Reserve.
Mineral Reserve	The economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at Pre-Feasibility or Feasibility level as appropriate that include application of Modifying Factors, which are considerations used to convert Mineral Resources to Mineral Reserves and include, but are not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified. The reference point at which Mineral Reserves are defined, usually the point where the ore is delivered to the processing plant, must be stated. It is important that, in all situations where the reference point is different, such as for a saleable product, a clarifying statement is included to ensure that the reader is fully informed as to what is being reported. The public disclosure of a Mineral Reserve must be demonstrated by a Pre-Feasibility Study or Feasibility Study.
Probable Mineral Reserve	The economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. The confidence in the Modifying Factors applying to a Probable Mineral Reserve is lower than that applying to a Proven Mineral Reserve.
Proven Mineral Reserve	The economically mineable part of a Measured Mineral Resource. A Proven Mineral Reserve implies a high degree of confidence in the Modifying Factors.

CAUTIONARY NOTES TO UNITED STATES INVESTORS CONCERNING MINERAL RESERVE AND RESOURCE ESTIMATES

This Annual Report on Form 20-F uses terms that comply with reporting standards in Canada and certain estimates are made in accordance with Canadian National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101"). NI 43-101 is a rule developed by the Canadian Securities Administrators that establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. Unless otherwise indicated, all resource estimates contained in this Annual Report have been prepared in accordance with NI 43-101. These standards differ significantly from the requirements of the SEC,

and resource information contained herein may not be comparable to similar information disclosed by companies in the United States.

This Annual Report on Form 20-F uses the terms “probable mineral reserve” and “proven mineral reserve”, as permitted under NI 43-101. For United States reporting purposes, SEC Industry Guide 7 (under the United States Securities Exchange Act of 1934 (the “Exchange Act”)), as interpreted by Staff of the SEC, applies different standards in order to classify mineralization as a reserve. As a result, the definitions of proven and probable reserves used in NI 43-101 differ from the definitions in SEC Industry Guide 7. Under SEC standards, mineralization may not be classified as a “reserve” unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. Among other things, all necessary permits would be required to be in hand or issuance imminent in order to classify mineralized material as reserves under the SEC standards. Accordingly, mineral reserve estimates calculated in accordance with Canadian standards may not qualify as “reserves” under SEC standards.

In addition, this Annual Report on Form 20-F uses the terms “measured mineral resources”, “indicated mineral resources” and “inferred mineral resources” to comply with the reporting standards in Canada. We advise United States investors that while those terms are recognized and required by Canadian regulations, the SEC does not recognize them. United States investors are cautioned not to assume that any part or all of the mineral deposits in these categories will ever be converted into mineral reserves. These terms have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility.

Further, “inferred resources” have a great amount of uncertainty as to their existence and as to whether they can be mined legally or economically. Therefore, United States investors are also cautioned not to assume that all or any part of the inferred resources exist. In accordance with Canadian rules, estimates of “inferred mineral resources” cannot form the basis of feasibility or other economic studies, except in limited circumstances where permitted under NI 43-101.

It cannot be assumed that all or any part of “measured mineral resources”, “indicated mineral resources”, or “inferred mineral resources” will ever be upgraded to a higher category. Investors are cautioned not to assume that any part of the reported “measured mineral resources”, “indicated mineral resources”, or “inferred mineral resources” in this Annual Report is economically or legally mineable.

In addition, disclosure of “contained ounces” is permitted disclosure under Canadian regulations; however, the SEC only permits issuers to report mineralization as in place tonnage and grade without reference to unit measures.

FORWARD-LOOKING STATEMENTS

Except for the statements of historical fact contained herein, some information presented in this Annual Report constitutes forward-looking statements. When used in this Annual Report, the words “estimate”, “project”, “believe”, “anticipate”, “intend”, “expect”, “predict”, “may”, “should”, the negative thereof or other variations thereon or comparable terminology are intended to identify forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, lack of commercially exploitable mineral reserves, future prices of precious metals and minerals, as well as those factors discussed in the section entitled “Risk Factors” beginning on page 7, below. Although our Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause actual results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, prospective investors should not place undue reliance on forward-looking statements. The forward-looking statements in this Annual Report speak only as to the date hereof. Except as required by applicable law, including the securities laws of the United States, we do not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

As used in this Annual Report, the terms “we”, “us” and “our” mean Starcore International Mines Ltd. and all of our wholly owned subsidiaries, unless otherwise indicated.

STATUS AS AN EMERGING GROWTH COMPANY

Our Company is an "emerging growth company" as defined in section 3(a) of the Exchange Act, and we will continue to qualify as an "emerging growth company" until the earliest to occur of: (a) the last day of the fiscal year during which our Company has total annual gross revenues of US\$1,000,000,000 (as such amount is indexed for inflation every 5 years by the SEC) or more; (b) the last day of our Company's fiscal year following the fifth anniversary of the date of the first sale of common equity securities pursuant to an effective Registration Statement under the Securities Act; (c) the date on which our Company has, during the previous 3-year period, issued more than US\$1,000,000,000 in non-convertible debt; or (d) the date on which our Company is deemed to be a "large accelerated filer", as defined in Exchange Act Rule 12b-2. Therefore, we expect to continue to be an emerging growth company for the foreseeable future.

Generally, a company that registers any class of its securities under section 12 of the Exchange Act is required to include in the second and all subsequent annual reports filed by it under the Exchange Act, a management report on internal control over financial reporting and, subject to an exemption available to companies that meet the definition of a “smaller reporting company” in Exchange Act Rule 12b-2, an auditor attestation report on management’s assessment of internal controls over financial reporting. However, for so long as we continue to qualify as an emerging growth company, we will be exempt from the requirement to include an auditor attestation report in our annual reports filed under the Exchange Act, even if we do not qualify as a “smaller reporting company”. In addition, auditors of an emerging growth company are exempt from the rules of the Public Company Accounting Oversight Board requiring mandatory audit firm rotation or a supplement to the auditor's report in which the auditor would be required to provide additional information about the audit and the financial statements of the registrant company (auditor discussion and analysis).

As a reporting issuer under the securities legislation of the Canadian provinces of Ontario, British Columbia, and Alberta, we are required to comply with all new or revised accounting standards that apply to Canadian public companies. Pursuant to Section 107(b) of the Jumpstart Our Business Startups Act (commonly referred to as the “JOBS Act”), an emerging growth company may elect to utilize an extended transition period for complying with new or revised accounting standards for public companies until such standards apply to private companies. We have elected to utilize this extended transition period. However, while we have elected to utilize this extended transition period, our audited consolidated financial statements as of April 30, 2018 reflect the adoption of all required accounting standards for Canadian public companies.

PART I

FINANCIAL INFORMATION AND ACCOUNTING PRINCIPLES

The financial statements and summaries of financial information contained in this document are reported in Canadian dollars (“\$”) unless otherwise stated. All such financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (the “IASB”).

On December 14, 2015, the Company consolidated its share capital on the basis of every four shares being consolidated to one share. Unless otherwise noted, where the Company reports on share capital and securities issued or issuable, the information herein should be read on the basis of pre-consolidated numbers if the information is prior to December 14, 2015, or post-consolidated numbers if after December 14, 2015.

In May 2016, our Board of Directors resolved to change our financial year end from July 31 to April 30, with the result that our transition financial year ended on April 30, 2016 covered a period of nine months. Our financial statements for the year ended April 30, 2018 have been reported on by Davidson & Company LLP,

Chartered Professional Accountants, of 1200-609 Granville Street, P.O. Box 10372, Pacific Centre Vancouver, BC, Canada V7Y 1G6, a registered public accounting firm.

Item 1 Identity of Directors, Senior Management and Advisers

Not Applicable for Annual Reports

Item 2 Offer Statistics and Expected Timetable

Not Applicable for Annual Reports

Item 3 Key Information

A. Selected Financial Data

The following tables summarize selected financial data for our Company for the year ended April 30, 2018 and the past four years before that. As indicated elsewhere in this Annual Report, in May 2016, our Board of Directors resolved to change our financial year end from July 31 to April 30, with the result that our transition financial year ended on April 30, 2016 covered a period of nine months. The information in the tables for the years ended April 30, 2018, April 30, 2017, April 30, 2016, July 31, 2015 and July 31, 2014 was extracted from the detailed audited financial statements and related notes included in this Annual Report and should be read in conjunction with those financial statements and the other information appearing under the heading “Item 5 – Operating and Financial Review and Prospects” beginning at page 50, below.

**Selected Financial Data
(Stated in thousands of Canadian Dollars)**

IFRS as issued by the IASB	At July 31, 2014	At July 31, 2015	At April 30, 2016	At April 30, 2017	At April 30, 2018
Total Revenues	33,136	28,405	20,326	27,228	27,807
Earnings from Mining Operations	8,588	645	1,519	826	(4,928)
Earnings for the Year	2,965	210	195	7,222	(17,945)
Basic and Diluted Earnings per Share	0.02	0.00	0.00	0.15	(0.24)
IFRS as issued by the IASB	At July 31, 2014	At July 31, 2015	At April 30, 2016	At April 30, 2017	At April 30, 2018
Total Assets	65,094	69,197	78,907	82,096	64,451
Total Liabilities	17,547	17,091	21,034	17,178	15,383
Net Assets	47,547	52,106	57,873	64,918	49,068
Share Capital	44,023	45,354	50,605	50,605	50,725
Common Stock	143,515,465	151,946,847	49,146,851	49,146,851	49,646,851
Cash Dividends per Common Share	NIL	0.02	NIL	NIL	NIL

Disclosure of Exchange Rate History

On July 1, 2018 the noon rate of exchange as set forth in the H.10 statistical release of the Federal Reserve Board, for the conversion of United States dollars into Canadian dollars was US\$1.00 = \$1.3149.

The following table sets forth the high and low rates of exchange for the Canadian dollar, expressed as Canadian dollars per U.S. dollar, for each month during the previous six months:

Month Ended	Exchange Rate U.S. Dollars into Canadian Dollars	
	High	Low
June 30, 2017	1.3327	1.2928
May 31, 2017	1.3025	1.2768
April 30, 2017	1.2917	1.2537
March 31, 2017	1.3102	1.2809
February 28, 2017	1.2810	1.2286
January 31, 2017	1.2639	1.2300

The following table sets forth the average rates of exchange for the Canadian dollar, expressed as Canadian dollars per U.S. dollar, during the year ended April 30, 2018 and during each of the preceding four financial years ended April 30 and July 31, calculated by using the average of the exchange rates on the last day of each month during the period:

Year Ended	Average Exchange Rate U.S. Dollars into Canadian Dollars
April 30, 2018	1.2774
April 30, 2017	1.3179
April 30, 2016*	1.3331
July 31, 2015	1.2030
July 31, 2014	1.0761

* Nine-month transition year.

B. Capitalization and Indebtedness

Not Applicable for Annual Reports

C. Reasons for the Offer and Use of Proceeds

Not Applicable

D. Risk Factors

An investment in our common stock involves a number of very significant risks. You should carefully consider the following risks and uncertainties in addition to other information in this Annual Report in evaluating our Company and our business before purchasing shares of our Company's common stock. Our business, operating results and financial condition could be seriously harmed due to any of the following risks. The risks described below are not the only ones facing our Company. Additional risks not presently known to us may also impair our business operations. You could lose all or part of your investment due to any of these risks.

Risks Associated with our Mining Operations

Our operations are subject to risk. Our Company's ability to generate sufficient cash flows to continue operations is dependent on many factors and cannot be assured.

During the year ended April 30, 2018, the cash flow generated from operating, investing and financing activities resulted in a net cash outflow of \$3,237,000 (2017 – (\$1,310,000)) bringing the Company's cash balance to \$2,321,000 (2017 - \$5,558,000) with a working capital of \$4,749,000 (2017 - \$13,468,000) and an accumulated income (deficit) of (\$14,069,000) (2017 – (\$2,069,000).) The ability of the Company to generate sufficient cash flows to continue operations is dependent upon many factors including, but not limited to, sufficient ore grade, ore production at the San Martin mine, control of mine production costs, administrative costs and tax costs and upon the market price of metals. Cash flows may also be affected by the ability of the Company to reduce capital expenditures, including mine development.

Exploration, development and mining involve a high degree of risk.

Our operations will be subject to all the hazards and risks normally encountered in the exploration, development and production of gold and other base or precious metals, including, without limitation, unusual and unexpected geologic formations, seismic activity, rock bursts, pit-wall failures, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and legal liability. Milling operations are subject to various hazards, including, without limitation, equipment failure and failure of retaining dams around tailings disposal areas, which may result in environmental pollution and legal liability.

Mining risks.

The business of mining involves many risks and hazards, including environmental hazards, industrial accidents, labour force disruptions, the unavailability of materials and equipment, unusual or unexpected rock formations, pit slope failures, changes in the regulatory environment, weather conditions, cave-ins, rock bursts, water conditions and gold bullion losses. Such occurrences could result in damage to, or destruction of, mineral properties or production facilities, personal injury or death, environmental damage, delays in mining, monetary losses and possible legal liability. As a result, we may incur significant costs that could have a material adverse effect upon our financial performance, liquidity and results of operations.

Mine development is subject to a number of risks.

Our ability to sustain or increase our present levels of gold production is dependent upon the successful development of new producing mines and/or identification of additional reserves at existing mining operations. If we are unable to develop new ore bodies, we will not be able to sustain present production levels. Reduced production could have a material and adverse impact on future cash flows, results of operations and financial condition. Many factors are involved in the determination of the economic viability of a deposit, including the achievement of satisfactory mineral reserve estimates, the level of estimated metallurgical recoveries, capital and operating cost estimates and the estimate of future gold prices. Capital and operating cost estimates are based upon many factors, including anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, ground and mining conditions, expected recovery rates of the gold from the ore, and anticipated environmental and regulatory compliance costs. Each of these factors involves uncertainties and as a result, we cannot give any assurance that our exploration and development activities will result in economically viable deposits. If a deposit is developed, actual operating results may differ from those anticipated.

We may be adversely affected by fluctuations in gold prices.

The value and price of our securities, our financial results, and our exploration, development and mining activities may be significantly adversely affected by declines in the price of gold and other precious metals. Gold prices fluctuate widely and are affected by numerous factors beyond our control such as interest rates,

exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and foreign currencies, global and regional supply and demand, and the political and economic conditions of gold producing countries throughout the world. The price for gold fluctuates in response to many factors beyond anyone's ability to predict. The prices used in making the resource estimates are disclosed and differ from daily prices quoted in the news media. The percentage change in the price of a metal cannot be directly related to the estimated resource quantities, which are affected by a number of additional factors. For example, a 10 percent change in price may have little impact on the estimated resource quantities and affect only the resultant positive cash flow, or it may result in a significant change in the amount of resources. Because mining occurs over a number of years, it may be prudent to continue mining for some periods during which cash flows are temporarily negative for a variety of reasons including a belief that the low price is temporary and/or the greater expense incurred is in closing a property permanently.

Mineralized material calculations and life-of-mine plans using significantly lower gold and precious metal prices could result in material write-downs of our investments in mining properties and increased amortization, reclamation and closure charges.

In addition to adversely affecting our mineralized material estimates and our financial condition, declining metal prices can impact operations by requiring a reassessment of the commercial feasibility of a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays in development or may interrupt operations, if any, until the reassessment can be completed.

Further, if revenue from gold sales declines, we may experience liquidity difficulties. This may reduce our ability to invest in exploration and development and making necessary capital expenditures, which would materially and adversely affect future production, earnings and our financial position.

Our estimates of future production may not be achieved.

We prepare internal estimates of future gold production for our operations. We cannot give any assurance that we will achieve our production estimates. Our failure to achieve our production estimates could have a material and adverse effect on any or all of our future cash flows, results of operations and financial condition. These production estimates are dependent on, among other things, the accuracy of mineral reserve estimates, the accuracy of assumptions regarding ore grades and recovery rates, ground conditions and physical characteristics of ores, such as hardness and the presence or absence of particular metallurgical characteristics, and the accuracy of estimated rates and costs of mining and processing.

Our actual production may vary from our estimates for a variety of reasons, including: actual ore mined varying from estimates of grade, tonnage, dilution and metallurgical and other characteristics; short-term operating factors such as the need for sequential development of ore bodies and the processing of new or different ore grades from those planned; mine failures, slope failures or equipment failures; reduced metallurgical recovery rates, industrial accidents; natural phenomena such as inclement weather conditions, floods, droughts, rock slides and earthquakes; encountering unusual or unexpected geological conditions; changes in power costs and potential power shortages; shortages of principal supplies needed for operation, including explosives, fuels, chemical reagents, water, equipment parts and lubricants; labour shortages or strikes; civil disobedience and protests; and restrictions or regulations imposed by government agencies or other changes in the regulatory environments. Such occurrences could result in damage to mineral properties, interruptions in production, injury or death to persons, damage to our property or others, monetary losses and legal liabilities. These factors may cause a mineral deposit that has been mined profitably in the past to become unprofitable, forcing us to cease production. Each of these factors also applies to our sites not yet in production and to operations that are to be expanded. In these cases, we do not have the benefit of actual experience in verifying its estimates, and there is a greater likelihood that actual production results will vary from the estimates.

Mineral reserves and resources estimates are subject to inherent uncertainty.

The figures presented for both mineral reserves and mineral resources herein are only estimates. The estimating of mineral reserves and mineral resources is a subjective process and the accuracy of reserve and resource

estimates is a function of the quantity and quality of available data and the assumptions used and judgements made in interpreting engineering and geological information. There is significant uncertainty in any reserve or resource estimate, and the actual deposits encountered and the economic viability of mining a deposit may differ materially from our estimates. Estimated mineral reserves or mineral resources may have to be recalculated based on changes in gold prices, further exploration or development activity, actual production experience, other changes in the assumptions made in the estimation process, or changes in the estimation methodology. This could materially and adversely affect estimates of the volume or grade of mineralization, estimated recovery rates or other important factors that influence reserve or resource estimates. Market price fluctuations for gold, increased production costs or reduced recovery rates, or other factors may render our present proven and probable mineral reserves uneconomical or unprofitable to develop at a particular site or sites. A reduction in estimated reserves could require material write-downs in our investment in the affected mining properties and increased amortization, reclamation and closure charges.

We compete with other companies for mining claims and mining assets.

We compete with other mining companies and individuals for mining claims and leases on exploration properties and the acquisition of gold mining assets. Some of the companies with which we compete have significantly greater financial, management and technical resources than we do, and may use these resources to their advantage when competing with us for such opportunities. We cannot give any assurance that we will continue to be able to compete successfully with our competitors in acquiring attractive mineral properties and assets.

Our San Martin Mine is our primary source of operational cash flow. Accordingly, our ability to continue our operations, and our financial position, will be materially and adversely affected if we are limited by insufficient quantities of mineral reserves and resources, which is dependent on the success of our continuing exploration efforts.

Our San Martin Mine is our primary source of operational cash flow, and our ability to continue our operations - and ultimately our financial position - will be materially and adversely affected if we are limited by insufficient quantities of mineral reserves and resources. Specifically, continued operations at the Mine are dependent on our ability to discover new mineral resources and to convert them into reserves in sufficient quantities to replace current production. However, mineral exploration is highly speculative in nature. Our exploration efforts involve many risks, and success in exploration is dependent upon a number of factors including, but not limited to, quality of management, quality and availability of geological expertise and availability of exploration capital. We cannot give any assurance that our exploration efforts will result in the discovery of additional mineral resources and their conversion into reserves. We cannot give any assurance that our exploration programs will be able to extend the life of our San Martin Mine, or result in the discovery of new producing mines.

We may have future capital requirements.

As of April 30, 2018, we had cash of approximately \$2,321,000 (2017 - \$5,558,000), highly liquid short-term investments of \$Nil (2017 - \$4,005,000) and working capital of approximately \$4,749,000 (2017 - \$13,468,000). We intend to use our future cash flows to fund exploration and development work and for general corporate purposes. Capital expenditures and funds for exploration in financial year 2019 are expected to total approximately \$3,500,000. The primary expenditures are planned to be mine development and equipment purchases and replacement which are anticipated to be funded out of the mine's cash flow. We may have further capital requirements to the extent we decide to develop other properties or to take advantage of opportunities for acquisitions, joint ventures or other business opportunities that may be presented to us. In addition, we may incur major unanticipated liabilities or expenses. Failure to make required capital expenditures may impact our financial results.

We may be required to obtain additional financing in the future to fund future exploration and development activities or acquisitions of additional properties or other interests that may be appropriate to enhance our financial or operating interests. We have historically raised capital through equity financing and in the future we may raise capital through equity or additional debt financing, joint ventures, production sharing

arrangements or other means. There can be no assurance that we will be able to obtain necessary financing in a timely manner or on acceptable terms, if at all.

We cannot guarantee that the operations of the Altiplano processing plant will be successful.

Our Altiplano Plant, is strategically located within a historic mining district and although home to numerous mining operations, it is still unknown if the Company will be able to source a consistent supply of concentrates for the plant. During the year ended April 30, 2018, the Company has processed purchased concentrates at the Altiplano plant for revenue of \$6,802,000 (2017 - \$2,586,000) , with the cost of purchasing concentrates of \$7,150,000 (2017 - \$2,151,000), for a net loss of \$348,000 (2017 – (435,000)) . The net loss is due mainly to the fixed cost of the facility in light of the facility not achieving a break-even level of production from purchase and processing of concentrates and other materials. As the Altiplano facility is relatively new, management is still building supplier networks and relationships to purchase concentrate and other materials to increase production. Although the Altiplano Plant has been designed to operate as a cleaner and more economical facility, there is no guarantee that the Altiplano Plant will operate as designed, or that it will be able to operate at its designed capacity. There is no guarantee that the Altiplano Plant will operate as expected or that it will be profitable.

We need to service our current indebtedness.

We have debt of \$1,334,000 (2017 - \$1,646,000) as of April 30, 2018 and may arrange additional loans in the future which may require scheduled payments. Our mining operations may not be able to generate sufficient cash to service our indebtedness and we may be forced to take other actions to satisfy our obligations, which actions may not be successful.

Our ability to meet the repayment obligations on our indebtedness depends on our financial condition and operating performance, which is subject to, among other factors, prevailing economic and competitive conditions and to certain financial, business, legislative, regulatory and other factors beyond our control. We may not be able to maintain a level of cash flow from our operating activities sufficient to permit us to pay the principal and the interest on our indebtedness.

Our current indebtedness is secured by a first charge on all of our and our subsidiaries' assets, which are primarily the San Martin Mine and the Altiplano Plant. If we are unable to meet our scheduled debt service obligations, our lenders could foreclose and take over ownership of these assets to satisfy our debt obligations.

Government regulation may adversely affect our business and planned operations.

We believe we currently comply with existing environmental and mining laws and regulations and that our proposed exploration programs will also meet those standards. Our mineral exploration and development activities, if any, are subject to various laws governing prospecting, mining, development, production, taxes, labor standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people and other matters. We can provide no assurance that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail our exploration, production or development activities. Amendments to current laws and regulations governing operations and activities of exploration, development mining and milling or more stringent implementation thereof could have a material adverse impact on our business and financial condition and cause increases in operating and exploration expenses, capital expenditures or production costs or reduction in levels of production or require abandonment or delays in development of new mining properties.

Government approvals and permits are currently, and may in the future be, required in connection with our operations. There can be no assurance that we will be able to obtain these permits in a timely manner.

Our Operations in Mexico are subject to Mexican Foreign Investment and Income Tax Laws

Under the Foreign Investment Law of Mexico, there is no limitation on foreign capital participation in mining operations; however, the applicable laws may change in a way which may adversely impact the Company and its ability to repatriate profits. Under Mexican Income Tax Law, dividends are subject to a withholding tax.

The VAT (IVA) is an indirect tax levied on the value added to goods and services, and it is imposed on that carry out activities within Mexican territory.

During 2013, the Mexican Congress passed tax reform legislation, effective January 1, 2014. The tax reform includes an increase in the corporate tax rate to 30% from 28%, the introduction of a special mining royalty of 7.5% on the profits derived from the sale of minerals, and, the introduction of an extraordinary mining royalty of 0.5% on the gross income derived from the sale of gold, silver and platinum. These changes may have a material impact on the Company's future earnings and cash flows, and possibly on future capital investment decisions.

Our operations are subject to environmental risks.

All phases of our operations, if any, will be subject to federal, state and local environmental regulation. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. We cannot be certain that future changes in environmental regulation, if any, will not adversely affect our operations, if any. Environmental hazards may exist on properties we hold that are unknown to us and that have been caused by previous or existing owners or operators of the properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

We do not insure against all risks.

Our insurance will not cover all the potential risks associated with a mining company's operations. We may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, we expect that insurance against risks such as environmental pollution or other hazards as a result of exploration and production may be prohibitively expensive to obtain for a company of our size and financial means. We might also become subject to liability for pollution or other hazards which we may not be insured against or which we may elect not to insure against because of premium costs or other reasons. Losses from these events may cause us to incur significant costs that could have a material adverse effect upon our financial condition and results of operations.

Our directors and officers may have conflicts of interest.

Each of our directors and officers has served and continue to serve as officers and/or directors of other companies engaged in natural resource exploration and development and related industries. Consequently, there is a possibility that our directors and/or officers may be in a position of conflict now or in the future. For example, a conflict of interest might arise where one of our directors or officers becomes aware of a corporate opportunity that would be interest not only to our Company, but also to another mining company of which he is also a director or officer; or it is foreseeable that our Company could become involved in a mineral property

option or joint venture agreement in respect of a mineral exploration or mine development project in which such a company holds an interest. For a description of the directorships and/or offices held by our directors and officers in other companies engaged in natural resource exploration and development and related industries, please see “*Item 6 - Directors, Senior Management and Employees - A. Directors and Senior Management – Director Interlocks.*”

Title to our properties may be subject to challenge.

Acquisition of title to mineral properties in all jurisdictions is a very detailed and time-consuming process. We have acquired substantially all of our mineral properties through acquisitions. Although we have investigated title to all of our mineral properties, we cannot give any assurance that title to such properties will not be challenged or impugned. The properties may have been acquired in error from parties who did not possess transferable title, may be subject to prior unregistered agreements or transfers, and title may be affected by undetected defects or aboriginal, indigenous peoples or native land claims.

In Mexico, the site of the San Martin Mine, all mineral resources are owned by the state. Title to minerals can be held separately from title to the surface. Mining rights take precedence over surface rights. Rights to explore for and to extract minerals are granted by the state through issuance of mining concessions.

Mining operations are subject to reclamation costs, estimates of which may be uncertain.

In accordance with existing accounting standards, we have recognized a liability for future site closure and mine reclamation costs based on our estimate of the costs necessary to comply with existing reclamation standards. Site closure and mine reclamation costs for operating properties are reviewed annually. There can be no assurance that our reclamation and closure liabilities will be sufficient to cover all reclamation and closure costs. The costs of performing the decommissioning and reclamation must be funded by the Company’s operations. These costs can be significant and are subject to change. We cannot predict what level of decommissioning and reclamation may be required in the future by regulators. If we are required to comply with significant additional regulations or if the actual cost of future decommissioning and reclamation is significantly higher than current estimates, this could have an adverse impact on our future cash flows, earnings, results of operations and financial condition.

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

The inflation rate applied to estimated future rehabilitation and closure costs is 3.5% and the discount rate currently applied in the calculation of the net present value of the provision is 8.0%.

We may be subject to unforeseen litigation.

All industries, including the mining industry, are subject to legal claims, with and without merit. Although we are not currently involved in any legal proceedings, and are not aware of any threatened or pending legal proceedings, there is no guarantee that we will not become subject to such proceedings in the future. There can be no guarantee of the outcome of any such claim. In addition, defense and settlement costs for any legal proceeding can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty

of the litigation process, there can be no assurance that the resolution of any particular legal proceeding will not have a material effect on our financial position or results of operations.

Estimates and assumptions employed in the preparation of financial statements.

The preparation of our Company's consolidated financial statements requires us to use estimates and assumptions that affect the reported amounts of assets and liabilities as well as revenues and expenses. Our accounting policies and our critical accounting estimates and judgements are described in notes 3 and 4 respectively to our April 30, 2018 audited annual financial statements.

Our accounting policies relating to mineral property and deferred exploration costs, asset retirement obligations, stock-based compensation and future amortization and depletion of mining interest, plant and equipment are critical accounting policies that are subject to estimates and assumptions. If these estimates or assumptions prove to be inaccurate, we could be required to change the recorded value of our assets and liabilities, which may reduce our earnings and working capital.

We record mineral property acquisition costs and mine development costs at cost. In accordance with IFRS, we capitalize preproduction expenditures net of revenues received, until the commencement of commercial production. A significant portion of our mining interest, plant and equipment will be depreciated and amortized on a unit-of-production basis. Under the unit-of-production method, the calculation of depreciation, depletion and amortization of mining interest, plant and equipment is based on the amount of proven and probable reserves and a portion of resources expected to be converted to reserves. If these estimates of reserves prove to be inaccurate, or if we revise our mining plan for a location, due to reductions in the price of gold or otherwise, to reduce the amount of reserves expected to be recovered, we could be required to write-down the recorded value of our mining interest, plant and equipment, or to increase the amount of future depreciation, depletion and amortization expense, both of which would reduce our earnings and net assets.

In addition, IFRS requires us to consider at the end of each accounting period whether or not there has been an impairment of the capitalized mining interest, plant and equipment. For producing properties, this assessment is based on expected future cash flows to be generated from the location. For non-producing properties, this assessment is based on whether factors that may indicate the need for a write-down are present. If we determine there has been an impairment because our prior estimates of future cash flows have proven to be inaccurate, due to reductions in the price of gold, increases in the costs of production, reductions in the amount of reserves expected to be recovered or otherwise, or because we have determined that the deferred costs of non-producing properties may not be recovered based on current economics or permitting considerations, we would be required to write-down the recorded value of our mining interest, plant and equipment, which would reduce our earnings and net assets.

Our operations are subject to risks associated with currency fluctuations.

Currency fluctuations may affect the costs that we incur at our operations. Gold is sold throughout the world based principally on a U.S. dollar price, but the majority of our operating expenses are incurred in non-U.S. dollar currencies. The appreciation of non-U.S. dollar currencies in those countries where we have mining operations against the U.S. dollar would increase the costs of gold production at such mining operations which could materially and adversely affect our earnings and financial condition.

Our foreign investments and operations may be subject to political and other risks.

We conduct mining, development or exploration activities primarily in Mexico and exploration activities in the United States. Our foreign mining investments are subject to the risks normally associated with the conduct of business in foreign countries. The occurrence of one or more of these risks could have a material and adverse effect on our earnings or the viability of its affected foreign operations, which could have a material and adverse effect on our future cash flows, results of operations and financial condition.

Such risks may include, among others, labour disputes, invalidation of governmental orders and permits, corruption, uncertain political and economic environments, war, civil disturbances and terrorist actions, criminal and gang related activity, illegal mining and protests, arbitrary changes in laws or policies of particular countries, foreign taxation, delays in obtaining or the inability to obtain necessary governmental permits, opposition to mining from environmental or other non-governmental organizations, limitations on foreign ownership, limitations on the repatriation of earnings, limitations on gold exports and increased financing costs. These risks may limit or disrupt our projects, restrict the movement of funds or result in the deprivation of contract rights or the taking of property by nationalization or expropriation without fair compensation.

Certain of our projects are located in Mexico and are subject to country risks that may affect our ability to complete development work on or to operate our projects.

The Company's primary mineral activities are conducted in Mexico and will be exposed to various levels of political, economic and other risks and uncertainties. These risks include but are not limited to, hostage taking, illegal mining, fluctuations in currency exchange rates, high rates of inflation, excessive import duties and taxes on the importation of equipment, expropriation and nationalization, possible future restrictions on foreign exchange and repatriation, changes in taxation, labour and mining regulations and policies, and changing political conditions, currency controls, and government regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ local citizens.

Changes, if any, in mining or investment policies, or shifts in political attitude in Mexico, may adversely affect the Company's operations or profitability. Current activities and future operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety.

Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications, and tenure, could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

Mexico continues to undergo violent internal struggles between the government and organized crime with drug-cartel relations and other unlawful activities. The violence has increased since 2011, with over a 22% increase in crime in just the previous year. The number of kidnappings throughout Mexico is of particular concern and continues to rise. Militarized crime has not diminished, with ongoing confrontations between Mexican security forces and drug cartels. Shootouts, attacks and illegal roadblock may occur without warning. The majority of crimes include homicides, kidnapping and extortion with the most dangerous regions centralized in specific regions of Mexico: Colima, Guerrero, Guanajuato, Michoacan, Jalisco, Sinaloa and Tamaulipas. Travel advisories continue to prohibit intercity travel at night in numerous areas due to kidnappings, carjackings and highway robberies. Queretaro for the most part remains largely unaffected and no travel advisory is currently in effect. However small incidents still occur and although the Company is vigilant in taking additional measures to increase security and protect both personnel and property, there is no absolute guarantee that such measures will provide an adequate level of protection for the Company. The occurrence of these various factors and uncertainties cannot be accurately predicted, and could have an adverse effect on the Company's operations or future profitability.

There are risks associated with our acquisition strategy.

As part of our business strategy, the Company has made acquisitions in the past. The properties we acquired are primarily in the exploration stage. There is no assurance that a commercially viable mineral deposit exists on any of our other exploration properties and further exploration is required before we can evaluate whether any exist and, if so, whether it would be economically and legally feasible to develop or exploit those resources. Even if we complete our current exploration program and we are successful in identifying a mineral deposit, we would be required to spend substantial funds on further drilling and engineering studies before we could know whether that mineral deposit will constitute a reserve (a reserve is a commercially viable mineral deposit).

In 2018, the Company announced that it was narrowing its focus to production oriented assets in Mexico and was seeking the sale or joint venture of its non-core assets, comprised primarily of our exploration properties.

The Company cannot assure that it can complete any sale or joint venture that it pursues, or is pursuing, on favourable terms, or that any of these business arrangements will ultimately benefit the Company. If not successful or if forced into “fire-sales” in disposing of its properties, these non-core assets acquired by the Company in prior years could have a material adverse effect on the Company’s results of operations and financial condition.

We are reliant on our current management team.

The success of our operations and activities is dependent to a significant extent on the efforts and abilities of our management including Robert Eadie, Chief Executive Officer & President, Gary Arca, Chief Financial Officer and Salvador Garcia, Chief Operating Officer. Investors must be willing to rely to a significant extent on management’s discretion and judgment. We do not have in place formal programs for succession of management and training of management. We do not maintain key employee insurance on any of our employees. The loss of one or more of these key employees, if not replaced, could adversely affect our operations.

We compete for access to qualified employees and contractors.

At April 30, 2018, we employed or contracted the services of approximately 384 persons (347 in 2017), including staff at the minesite. We compete with other mining companies in connection with the recruitment and retention of qualified employees. At the present time, a sufficient supply of qualified workers is available for our operations. The continuation of such supply depends upon a number of factors, including, principally, the demand occasioned by other projects. There can be no assurance that we will continue to be able to retain or attract qualified employees. There is a risk that increased labour costs could have a material adverse effect on our operating costs.

Dilution of Shareholders’ Interests as a Result of Issuances of Additional Shares

Depending on the outcome of the Company’s exploration programs and mining operations, the Company may issue additional shares to finance additional programs and mining operations or to acquire additional properties. In the event that the Company is required to issue additional shares or decides to enter into joint ventures with other parties in order to raise financing through the sale of equity securities, investors’ interests in the Company will be diluted and investors may suffer dilution in their net book value per share depending on the price at which such securities are sold.

Risks Related to Our Company

Our Articles of Incorporation indemnify our officers and directors against all costs, charges and expenses incurred by them.

Our Articles of Incorporation contain provisions limiting the liability of our officers and directors for their acts, receipts, negligence or defaults and for any other loss, damage or expense incurred by them which occurs during the execution of their duties as officers or directors of our Company, unless they failed to act honestly and in good faith with a view to the best interests of our Company. Such limitations on liability may reduce the likelihood of derivative litigation against our officers and directors and may discourage or deter our shareholders from suing our officers and directors based upon breaches of their duties to our Company, though such an action, if successful, might otherwise have been of benefit to our Company and our shareholders.

Risks Relating to our Securities

The prior registration of our common stock under section 12(g) of the Securities Exchange Act of 1934 was revoked pursuant to section 12(j) of that Act due to our failure to comply with our reporting obligations. If, in the future, we fail to comply with the reporting requirements of the Exchange Act, the SEC could initiate

proceedings to once again revoke our registration, and broker-dealers in the United States would thereafter be unable to effect transactions in our Company's common shares.

On December 22, 2015, the SEC initiated proceedings under section 12(j) of the Securities Exchange Act of 1934 for our Company's failure to comply with section 13(a) of the Exchange Act because we had not filed any periodic reports with the Commission since the interim period ended April 30, 2004. On January 25, 2016, our Company executed an Offer of Settlement presented by the SEC to settle the proceedings, as our management determined that it would not be cost-effective or practicable to file with the SEC all of our outstanding annual reports on Form 20-F and to furnish to the SEC all of our outstanding reports on Form 6-K. The SEC issued its Final Order on February 1, 2016. As a result, broker-dealers in the United States were unable to effect transactions in our Company's common shares until the registration statement became effective to register our common shares under section 12(g) of the Exchange Act, the requirements of Rule 15c2-11 under the Exchange Act have been satisfied, and a broker-dealer has completed a Form 211 filing with the Financial Industry Regulatory Authority, Inc. (commonly called "FINRA") pursuant to FINRA Rule 6432. The registration statement became effective on October 11, 2016 and we then became subject to the reporting requirements of section 13(a) of the Exchange Act. If, in the future, we fail to comply with such reporting requirements, the SEC could initiate proceedings to once again revoke our registration under section 12(j) of the Exchange Act, and broker-dealers in the United States would thereafter be unable to effect transactions in our Company's common shares.

Trading in our common shares on the Toronto Stock Exchange is limited and sporadic, making it difficult for our shareholders to sell their shares or liquidate their investments.

Our common shares are currently listed on the Toronto Stock Exchange under the symbol "SAM". The trading price of our common shares has been and may continue to be subject to wide fluctuations. Trading prices of our common shares may fluctuate in response to a number of factors, many of which are beyond our control. In addition, the stock market in general, and the market for base metal companies has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of such companies. These broad market and industry factors may adversely affect the market price of our shares, regardless of our operating performance. If you invest in our common shares, you could lose some or all of your investment.

In the past, following periods of volatility in the market price of a company's securities, securities class-action litigation has often been instituted. Such litigation, if instituted, could result in substantial costs and a diversion of management's attention and resources.

We do not expect to declare or pay any dividends in the immediate future.

Although we declared dividends in 2014, we do not anticipate paying any such dividends for the foreseeable future.

U.S. investors may not be able to enforce their civil liabilities against us or our directors, controlling persons and officers.

It may be difficult to bring and enforce suits against us. Some of our directors and officers are residents of countries other than the United States. Consequently, it may be difficult for United States investors to effect service of process in the United States upon those directors or officers who are not residents of the United States, or to realize in the United States upon judgments of any court of the United States.

Trading of our stock may be restricted by the SEC's "Penny Stock" regulations which may limit a stockholder's ability to buy and sell our stock.

The U.S. Securities and Exchange Commission has adopted regulations which generally define "penny stock" to be any equity security that has a market price (as defined) of less than US\$5.00 per share or an exercise price of less than US\$5.00 per share, subject to certain exceptions. Our securities are covered by the penny stock rules, which impose additional sales practice requirements on broker-dealers who sell to persons other than

established customers and “accredited investors.” The term “accredited investor” refers generally to institutions with assets in excess of US\$5,000,000 or individuals with a net worth in excess of US\$1,000,000 (exclusive of the value of a principal residence) or annual income exceeding US\$200,000 or US\$300,000 jointly with their spouse.

The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document in a form prepared by the SEC which provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction and monthly account statements showing the market value of each penny stock held in the customer’s account. The bid and offer quotations, and the broker-dealer and salesperson compensation information, must be given to the customer orally or in writing prior to effecting the transaction and must be given to the customer in writing before or with the customer’s confirmation.

In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from these rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser’s written agreement to the transaction.

These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for the stock that is subject to these penny stock rules. Consequently, these penny stock rules may affect the ability of broker-dealers to trade our securities. We believe that the penny stock rules discourage investor interest in, and limit the marketability of, our common stock.

Item 4 Information on our Company

A. History and Development of our Company

Our governing corporate legislation is the British Columbia *Business Corporations Act* (the “Act”). We incorporated under the former *Company Act* (British Columbia) on October 17, 1980, under the name Omnibus Resources Inc. On September 10, 1981, Omnibus Resources Inc. changed its name to Berle Oil Corporation. On May 31, 1983 Berle Oil Corporation changed its name to Berle Resources Ltd. On August 6, 1987 Berle Resources Ltd. changed its name to Eagle Pass Resources Ltd. On September 17, 1992 Eagle Pass Resources Ltd. changed its name to Starcore Resources Ltd. On February 2, 2004 Starcore Resources Ltd. changed its name to Starcore International Ventures Ltd. On February 1, 2008 Starcore International Ventures Ltd. changed its name to Starcore International Mines Ltd.

Our principal place of business is located at Suite 750 – 580 Hornby Street, Box 113, Vancouver, British Columbia, Canada V6C 3B6. Our telephone number at this address is: (604) 602-4935.

Our common shares are listed on the on the Toronto Stock Exchange under the symbol “SAM” and on the Frankfurt Stock Exchange under symbol “V4JA”.

B. Our Business Overview

We are in the mineral resource business. The mineral resource business generally consists of three stages: exploration, development and production. We are a mineral resource company with projects in various stages. Mineral resource companies that are engaged in the extraction of a known mineral resource are in the production stage. We fall in this category with our principal property, the San Martin Mine in Queretaro, Mexico, where we are engaged in extracting and processing gold and silver. The San Martin Mine is our primary source of operating cash flows.

In prior years, we were also engaged in acquiring exploration assets in North America directly and through corporate acquisitions. Some of our projects are in the exploration stage because our exploration activities on the project lands have not yet identified mineral resources in commercially exploitable quantities.

We are also in the business of processing precious metals through our Altiplano processing facility in Matehuala, Mexico, which began commercial production in November, 2016.

Acquisition of Creston Moly

On February 19, 2015, Starcore completed the acquisition of all of the shares of Creston from Deloitte Restructuring Inc., in its capacity as trustee in bankruptcy of Mercator Minerals Ltd., at a purchase price of CDN\$2 million. Creston was formerly a wholly-owned subsidiary of Mercator Minerals Ltd., who acquired Creston in 2011 in a cash-and-shares deal valuing Creston at approximately CDN\$194 million. Creston is a British Columbia company that owns, through its subsidiaries, a 100% interest in the following three molybdenum-copper mineral projects: (i) the El Creston Project located in Sonora, Mexico; (ii) the Ajax Project located in British Columbia, Canada; and (iii) the Molybrook Project located in Newfoundland, Canada. See “*Mineral Properties*”.

Acquisition of Cortez Gold Corp.

On June 12, 2015, the Company entered into an arrangement agreement (the “**Cortez Arrangement Agreement**”) with Cortez Gold Corp., a company then listed on the TSX Venture Exchange (TSX-V: CUT), to acquire all of the outstanding securities of Cortez Gold pursuant to a court approved plan of arrangement (the “**Cortez Arrangement**”) under the Act. Cortez Gold owns the Altiplano Plant located in Matehuala, Mexico. See “*Mineral Properties – Other Properties – Altiplano Processing Plant*”.

Under the terms of the Cortez Arrangement Agreement, each Cortez Gold shareholder received three Starcore common shares for every one common share of Cortez Gold held. In addition, incentive stock options outstanding in Cortez Gold were cancelled and each option holder received cash consideration equal to the amount by which \$0.42 exceeded the exercise price of such options.

The Cortez Arrangement closed on August 5, 2015 after receiving the final order from the Supreme Court of British Columbia and the required approval by at least 66 2/3% of the votes cast by the shareholders of Cortez Gold at a special meeting of Cortez Gold shareholders held on July 9, 2015. Starcore did not require a shareholder vote to complete the transaction.

Letter of Intent to acquire the Santa Fe project

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

Under the terms of the LOI, Starcore would have an exclusive period to conduct its due diligence on Santa Fe. Upon satisfactory due diligence, a Definitive Agreement would be executed within 30 days in order for Starcore to complete the acquisition. Consideration for the transfer of the Santa Fe property to Starcore was a combination of cash and common shares of Starcore, staged over a period of time.

The project is in the municipality of Rosario, Sinaloa, on the western part of the Sierra Madre Occidental. The area is close to mining districts where significant operations are located, including the San Dimas and the Plomosas mines. San Dimas is considered to be one of the most significant precious metal mines in Mexico and the Plomosas mine, operated years ago by Grupo Mexico, is now being explored further by First Majestic Silver Corp.

On January 11, 2017, the Company announced that it had engaged Global Kompas to undertake a Preliminary Economic Assessment of the Santa Fe Project.

On March 26, 2018, the Company announced that it was narrowing its focus, concentrating on its assets in Mexico and seeking the sale or joint venture of its non-core assets comprised primarily of its other exploration

properties. The Company also announced that in consideration of US\$100,000, the Company extended the review period for its exclusive option to acquire the Santa Fe Project.

On June 11, 2018, the Company announced that it had completed its due diligence and review of the Santa Fe Project and would not be proceeding with the proposed acquisition. The Company gave notice to the property owners of its disengagement from the project and Starcore has no further obligations on Santa Fe.

Private Placements

On February 20, 2018, the Company announced a non-brokered private placement for gross proceeds of \$125,000. The private placement consisted of 500,000 Units at a price of \$0.25 per unit. Each unit is comprised of one common share of Starcore and one-half of one transferable common share purchase warrant, each whole warrant exercisable for a period of four years from the date of issue to purchase one common share of Starcore at a price of \$0.30 per share.

The proceeds of the private placement were added to working capital. The sole subscriber to the private placement is Salvador Garcia, a director of the Company and Starcore's Chief Operating Officer. The private placement closed on March 7, 2018, with the issuance of 500,000 common shares and 250,000 warrants.

On June 12, 2018 the Company announced it had arranged a private placement of secured bonds in the aggregate principal amount of CDN\$3 million (the "Bonds"). The Bonds will bear interest at 8% per annum, payable on maturity, and will mature 24 months from the date of closing. There are also provisions for early repayment. The Bonds are secured by a charge on all of the Company's assets.

On June 18, 2018, the Company announced it had completed the bond offering. As accepted by the Toronto Stock Exchange, bond holders were granted warrants on a ratio of 1 warrant for every dollar subscribed for, each warrant entitling the bond holder to acquire one share of Starcore at a price of \$0.20 for a period of three years from the date of closing.

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

Revenues: See Item 5(A) "Operating Results"

Principal Market

Gold and silver doré in the form of bullion that is produced from our San Martin Mine is shipped primarily to a refinery in Europe. We also have a contract and the ability to ship to a refinery in Brampton, Ontario to mitigate the potential impact of unrelated problems that could arise using a lone refinery such as strikes or other issues. The terms of the refinery contracts provide for payment of 99.5% to 99.9% of the gold (depending on the gold content of the doré, and 99.25% to 99.5% of the silver content with treatment charges of \$0.25/troy oz of doré) and refining charges of US\$1.00/troy oz of gold. Payment is due 5 - 20 days following receipt of the bullion at the refinery and based on the spot price when settled.

The San Martin doré is a clean product with few impurities. There are numerous refineries around the world available to refine the doré.

We have not yet identified any commercially viable mineral deposit on any of our exploration properties, and metal prices are currently not economically attractive for the El Creston project nearing the development stage. We expect that the principal markets for any of these other properties - should they be successful and be put into production - would consist of metals refineries and base metal traders and dealers.

Seasonality of our Business

The San Martin Mine operates year-round. In general, the mine does not operate on Sundays although at times overtime is required in the mine to meet production targets. The mine operates with 3 shifts, 8 hours each, six days a week. Administration personnel at the mine work Monday to Friday.

Exploration activities at all of our properties can be conducted year-round.

Patents and Licenses; Industrial, Commercial and Financial Contracts; and New Manufacturing Processes

We are not dependent on any patented or licensed processes or technology, or on any industrial, commercial or financial contract, or on any new manufacturing processes.

Competitive Conditions

We compete with other mining companies for the acquisition of mineral interests and for the recruitment and retention of qualified employees. Some of our competitors have greater financial resources and technical facilities than our Company. While we compete with these other exploration companies in the effort to locate and acquire mineral resource properties, we will not compete with them for the removal or sales of mineral products from our properties if we should eventually discover the presence of them in quantities sufficient to make production economically feasible. Readily available markets exist worldwide for the sale of mineral products. Therefore, we will likely be able to sell any mineral products that we identify and produce.

Governmental Regulations

Various levels of governmental controls and regulations address, among other things, the environmental impact of mineral exploration and mineral processing operations, and establish requirements for decommissioning of mineral exploration properties after operations have ceased. With respect to the regulation of mineral exploration and processing, legislation and regulations in various jurisdictions establish performance standards, air and water quality emission standards, and other design or operational requirements for various aspects of the operations, including health and safety standards. Legislation and regulations also establish requirements for decommissioning, reclamation and rehabilitation of mineral exploration properties following the cessation of operations and may require that some former mineral properties be managed for long periods of time.

In North America, our production, processing and exploration activities are subject to various levels of federal and state laws and regulations in the countries where we have a presence. These laws and regulations relate to protection of the environment, including requirements for closure and reclamation of mineral exploration properties. In North America, these laws and regulations include the Clean Air Act, the Clean Water Act, the Comprehensive Environmental Response, Compensation and Liability Act, the Emergency Planning and Community Right-to-Know Act, the Endangered Species Act, the Federal Land Policy and Management Act, the National Environmental Policy Act, the Resource Conservation and Recovery Act and the equivalents of these federal laws that have been adopted by the state of Nevada.

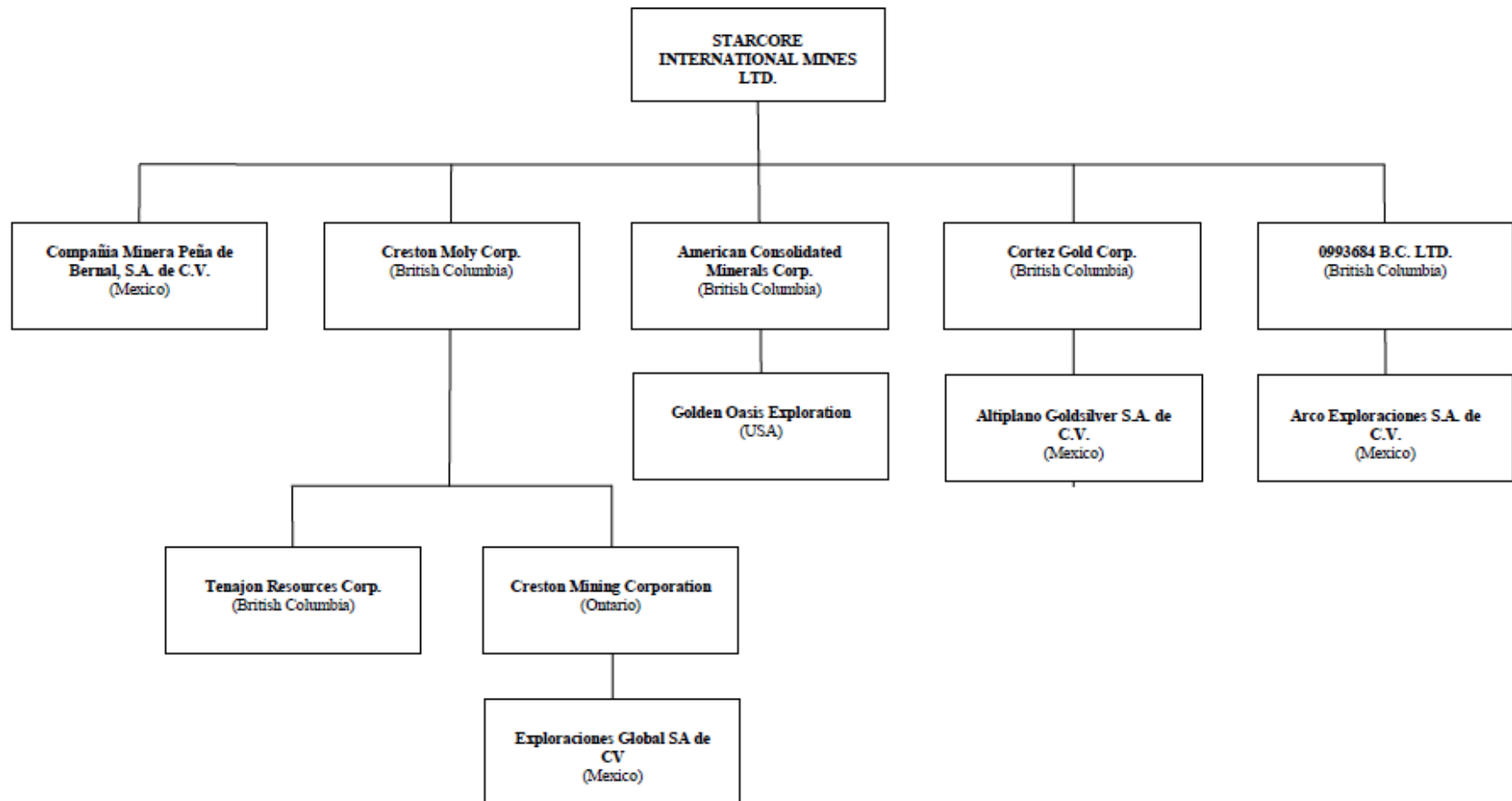
In addition, we are subject to Mexican mining laws and their laws protecting ecological balance and the environment.

C. Organizational Structure

The following table sets forth all of our material subsidiaries, their jurisdictions of incorporation and the percentage of voting securities beneficially owned or controlled by the Company.

Name of Subsidiary	Jurisdiction of Incorporation	Percentage Ownership
Compañía Minera Peña de Bernal, S.A. de C.V. ¹	Mexico	100% ²
Creston Moly Corp.	British Columbia	100%
American Consolidated Minerals Corp.	British Columbia	100%
Cortez Gold Corp.	British Columbia	100%
0993684 BC Ltd.	British Columbia	100%
Golden Oasis Exploration	Nevada	100%
Altiplano Goldsilver S.A. de C.V.	Mexico	100% ³
Tenajon Resources Corp.	British Columbia	100% ⁴
Creston Mining Corporation	Ontario	100% ⁴
Exploraciones Global S.A. de C.V.	Mexico	100% ⁵
Arco Exploraciones S.A. de C.V.	Mexico	100% ⁶

1. Bernal, a wholly-owned subsidiary of Starcore, holds the title to the San Martin Mine in Queretaro, Mexico.
2. To comply with Mexican corporate legislation, one share of Bernal is held of record by Mr. Robert Eadie, the CEO of Starcore, for the benefit of Starcore. All economic benefits of this share ownership accrue to Starcore.
3. Altiplano Goldsilver S.A. de C.V., a wholly-owned subsidiary of Cortez Gold, holds title to the Altiplano gold and silver processing plant in Matehuala, Mexico. To comply with Mexican corporate legislation, one share of Altiplano is held of record by Mr. Robert Eadie, the CEO of Starcore, for the benefit of Starcore. All economic benefits of this share ownership accrue to Starcore.
4. Tenajon Resources Corp. and Creston Mining Corporation are wholly-owned by Creston Moly Corp., which is a wholly-owned subsidiary of Starcore.
5. Exploraciones Global S.A. de C.V. is a wholly-owned subsidiary of Creston Mining Corp. (Ontario). It holds the 100% interest in the El Creston molybdenum property located in the State of Sonora, Mexico. To comply with Mexican corporate legislation, four shares of Exploraciones are held of record by Mr. Robert Eadie, the CEO of Starcore, for the benefit of Starcore. All economic benefits of this share ownership accrue to Starcore.
6. Arco Exploraciones S.A. de C.V. is a wholly owned subsidiary of 0993684 BC Ltd. and is our leasing and projects company in Mexico. To comply with Mexican corporate legislation, one share of Arco is held of record by Mr. Robert Eadie, the CEO of Starcore, for the benefit of Starcore. All economic benefits of this share ownership accrue to Starcore.



D. Property, Plants and Equipment

1. San Martin Mine, Queretaro, Mexico: Compañía Minera Peña de Bernal, S.A. de C.V., a wholly owned Starcore subsidiary, holds the mining concessions covering 6,236 ha at the San Martin Project in the State of Querétaro. In addition, there are 6755.6 ha held in concession Lote San Martin 4 which is north and contiguous to the mining concessions, bringing total land holdings to 12,991.7 ha. The mining concessions include 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 our Company. We have been mining at San Martin at a rate of approximately 300,000 tonnes per year. We expect to continue to operate the mine as we convert resources to reserves. Historically, the mine has typically maintained at least two years of reserves for operations.

2. Altiplano Plant, Matehuala, Mexico: The Altiplano plant is the principal asset of Cortez Gold Corp., a wholly-owned Starcore subsidiary that holds title to the land, equipment and permits for the operation of a processing plant situated on 20 hectares of land in Matehuala, Mexico. The land and the plant and equipment are owned by Altiplano Goldsilver, S.A. de C.V., a wholly-owned subsidiary of Cortez Gold. The facility is located within a historic mining district, in an area that is home to numerous medium-sized mining operations. The Altiplano Plant is designed to employ the dissolution treatment production process to recover precious metals from flotation concentrates. When compared to the alternative pyrometallurgical foundries, it is a cleaner process and more economical, enabling the facility to offer lower processing rates than those currently available to concentrate producers in the area. The Company’s management has determined the commencement of commercial production to have begun on November 1, 2016. In making this judgement, management has assessed various sources of information including but not limited to operation management expertise, projected cash flow and determining sustainable level of production inputs available. As a result, prior to commencement of commercial production, all of the pre-operational costs and any test production revenue were capitalized to Plant costs until such time as the facility was of sufficient operational status with the ability to function as management intended.

3. Our executive office is located at Suite 750 – 580 Hornby Street, Vancouver, British Columbia, Canada V6C 3B6. We lease a 2,264 square foot office, with total rent for this space being \$249,000 over a five-year period until the lease expires on April 30, 2020. This office space accommodates all of our executive and administrative personnel and we believe that it is adequate for our current needs. Should we require additional space, we believe that such space can be secured on commercially reasonable terms. See Item 5(F) for office lease obligations.

Mineral Properties

San Martin Mine, Queretaro, Mexico

Except as indicated below, the following description of the San Martin Mine has been extracted from the technical report entitled “*Reserves and Resources in the San Martin Mine, Queretaro State, Mexico as of April 30, 2018*” issued on June 27, 2018, (the “Technical Report”). The Technical Report was prepared for Starcore in accordance with National Instrument 43-101 (“NI 43-101”) by Erme Enriquez C.P.G., BSc, MSc., , who is independent. The Technical Report is effective as at June 27, 2018.

The following table is a summary of mine production statistics for the San Martin mine for the years ended April 30, 2018 and 2017. The mine continues to operate at 850 tons per day and the continued strength of the US dollar has resulted in profitable operational results even with the recently declining mill head grade. Production for the year ended April 30, 2018 was 269,611 tonnes at an average head grade of 1.62 g/t gold and 21.3 g/t silver.

	Unit of measure	Actual results for period ended April 30, 2018	Actual results for period ended April 30, 2017
Mine production of gold in dore	ounces	11,884	14,217
Mine production of silver in dore	ounces	102,061	66,107
Total mine production – equivalent ounces	ounces	13,189	15,159
Silver to gold equivalency ratio		78.19	70.20
Mine gold grade	grams/tonne	1.62	1.97
Mine silver grade	grams/tonne	21.3	16.1
Mine gold recovery	percent	84.5%	81.5%
Mine silver recovery	percent	55.2%	46.5%
Milled	tonnes	269,611	275,072
Mine development, preparation and exploration	Meters	9,089	5,293
Mine operating cash cost per tonne milled	US dollars/tonne	61	53
Mine operating cash cost per equivalent ounce	US dollars/ounces	1,237	969
Number of employees and contractors at minesite		314	314

Location

The San Martin mine is located 47 kilometres, in straight line, northeast of the Queretaro City, Queretaro State, on local road No.100 and about 250 kilometres NW of Mexico City, near the towns of Tequisquiapan and Ezequiel Montes. The San Martin mine underground mine has been in operation since 1993.

The San Martin Mine complex consists of 8 mining claims that cover 15,316 hectares.



The following table summarizes the mining concessions comprising the San Martín Mine property.

No. on Map	Concession Name	Exp.	Title	Term of Concession		Hectares	2018 Annual Taxes (Pesos)	
				From	To		1st Sem	2nd Sem
1	San Martín 2	321.1/6-72	191134	29/04/1991	28/04/2041	190.7	\$ 30,157	\$ 30,157
2	San Martín	321.1/6-71	191423	19/12/1991	18/12/2041	132.0	\$ 20,856	\$ 20,856
3	La Trinidad	6/1.3/276	204824	13/05/1997	13/05/2047	2,610.7	\$ 412,193	\$ 412,193
4	San Martín Fracc. A.	6/1.3/00409	215262	14/02/2002	13/02/2052	37.1	\$ 5,861	\$ 5,861
5	San Martín Fracc. B.	6/1.3/00411	215263	14/02/2002	13/02/2052	22.8	\$ 3,616	\$ 3,616

6	San Martin Fracc. C	6/1.3/00412	215264	14/02/2002	13/02/2052	3,182.5	\$ 502,470	\$ 502,470
7	San Martin 3	6/1.3/00410	215301	14/02/2002	13/02/2052	60.0	\$ 9,473	\$ 9,473
8	San Martín Cuatro	065/15357	221844	02/04/2004	01/04/2054	6,755.6	\$ 1,066,606	\$ 1,066,606
Total						15,316.7805	\$ 2,051,232	\$ 2,051,232

Technical Report Summary

Cautionary Note to Investors Concerning Estimates of Mineral Resources

This section uses the terms “proven mineral reserve” and “probable mineral reserve”, as permitted under Canadian reporting standards. For United States reporting purposes, SEC Industry Guide 7 applies different standards in order to classify mineralization as a reserve. As a result, the definitions of proven and probable reserves applicable under Canadian reporting standards differ from the definitions in the SEC Industry Guide 7. **Accordingly, mineral reserve estimates calculated in accordance with Canadian standards may not qualify as “reserves” under SEC standards.**

In addition, this section also uses the term "inferred mineral resources". While this term is recognized and required by Canadian regulations, the SEC does not recognize it. "Inferred mineral resources" have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of a mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of economic studies, except in rare cases. **Investors are cautioned not to assume that all or any part of an inferred resource exists, or is economically or legally mineable.**

The following has been reproduced from the Technical Report.

Since April 30, 2016, Starcore International Mines Ltd. (“Starcore”) estimates the reserves and resources for the San Martin mine effective as of April 30th of each year to match its fiscal year. This report has been prepared by Erme Enriquez C.P.G., BSc, MSc in compliance with National Instrument 43-101 (“NI 43-101”) on the San Martin Project in the State of Querétaro, Mexico and he is an independent Qualified Person (“QP”) as defined by NI 43-101.

Starcore acquired the San Martin Mine (“San Martin”) from Goldcorp Inc. (“Goldcorp”) in February 2007. Goldcorp is a Canadian mining company listed on both Canadian and United States Stock Exchanges. Goldcorp acquired the San Martin Project in February 2005 with the take-over of Wheaton River Minerals Ltd., who had acquired San Martin in the take-over in 2002 of the Mexican mining company Minas Luismin S.A. de C.V. (“Luismin”). Starcore paid US\$24 million in cash and issued 4,729,000 common shares to Luismin at a deemed value of CDN\$0.50 per share in consideration for the shares of Bernal.

San Martin is owned and operated by Compañía Minera Peña de Bernal, S.A. de C.V., a wholly owned subsidiary of Starcore.

Compañía Minera Peña de Bernal S.A. de C.V., a wholly owned Starcore subsidiary, holds eight mining concessions covering 15,316 ha at the San Martin Mine in the State of Querétaro. Right payments are done twice a year, every semester. The San Martin Project presently consists of two underground mines, San José and San Martin. The San Martin mine is approximately 800 m NNE of the San José mine. Minas Luismin, SA de CV commenced mining late in 1993 on the San José deposit with an open pit operation that was later abandoned and mining continued underground methods over the San José and the San Martin oreshoots.

Accessibility

The roads through which the San Martín mine is accessed are paved and they are in good condition all year long. It can be reached by highway No. 57 between the cities of Querétaro and San Luis Potosí. Access to the San Martin mine can be carried out also from Mexico City through highway 57D, for 160 kilometers, until reaching the city of San Juan del Río, Queretaro. From here, take the HW 120, for 19 km

until Tequisquiapan, and continue for 16 km more until Ezequiel Montes. From here take the road to the junction with the # 100 highway, take this to the NE and 1.5 km more to enter the mine facilities.

From the City of Querétaro take Highway 45D for approximately 22 km to the SE and then take Highway # 100 to the NW for 36 kilometers until reaching the junction with the entrance to the mine in the town of San Martín. This same road leads to the magical town of Peña de Bernal, which is the company's employee camp.

There are constant flights from the City of Querétaro to several destinations in the United States, particularly Los Angeles, Chicago, New York and Houston; although these change from season to season.

History

Mining in the San Martín district extends back to at least 1770 when the mines were first worked by the Spanish, particularly by Don Pedro Romero de Terreros, Count of Regla. Spaniards worked in the district for 40 years, however, there is no production records available for that time. During those days, silver and gold production accounted for 80% of all exports from Nueva España (New Spain), although, by the late-eighteenth century silver production collapsed when mercury, necessary to the refining process, was diverted to the silver mines of Potosí in present day Bolivia.

The vast majority of production came prior to the 1910 Mexican Revolution with San Martín district being an important producer. The first records show the Ajuchitlán Mining and Milling Company produced an estimated 250,000 tonnes at a grade of 15 g Au/t and 100 g Ag/t during 1900 to 1924.

The first modern stake was with 1982, when the Mexican government declared a 6,300 ha National Reserve over the area surrounding the Peña de Bernal. Luismin entered into an agreement to explore in the claims of CRM in 1986 for a payment of US \$ 250,000 dollars and a royalty of 5%, which latter was reduced to 3% in 1996. In 1988 geological reconnaissance and exploration program initiated. Geological works concluded in 1992 and by the end of 1993 the decision was made to start the open-pit mining in the San José area, at a rate of 300 tpd.

The operation of the San José pit only lasted a couple of years, when it was discovered that the deposit was not a "Carlin type", as had been thought, but that it was a tabular structure in vein that continued to deepen and laterally along its strike. Then it was decided to start the underground mining, on the same San José structure and on the oreshoot of San Martín, which ultimately turned out to be the one with the largest number of reserve and resources.

In the year 2000, the exploitation begins in the San Martín body, called "Tronco" due to its verticality. In 2001, at the same time, the exploration of high-grade gold bodies called "Mantos" began. The first of these oreshoots was the Body 28.

The mine is currently mined 850 tpd and the capacity of the mill is 1100 tpd. The mining method is cut and filled with dry backfill. The exploitation in the Body 28 is currently room and pillars filled with a mixture of backfill and 5% cement.

Mining began in 1993 at 300 tpd, and in early 1994, production began from open pit operations on the San José deposit. The table below illustrates production for the period 1993 to April 30, 2018.

Starcore International Mines LTD
Compañía Minera Peña de Bernal, SA de CV
San Martin Mine Project
Historical Production 1993-April 30 2018

Year	Tonnes	Grade		Production		
		Au (g/t)	Ag (g/t)	Oz Au	Oz Ag	Oz Au Eq.
1993	28,267	2.53	60	1,387	24,463	1,707
1994	134,118	3.19	35	13,179	81,605	14,298
1995	146,774	3.40	38	16,172	180,459	17,068
1996	187,691	3.40	44	19,553	155,160	21,620
1997	219,827	3.27	43	22,016	174,013	24,570
1998	224,279	3.45	50	23,680	210,680	27,539
1999	242,295	3.46	46	25,852	194,110	29,624
2000	284,490	3.61	54	31,209	245,310	35,571
2001	287,520	3.76	65	32,773	330,217	38,068
2002	268,451	4.26	71	35,634	370,406	41,124
2003	276,481	4.29	82	36,438	464,947	42,692
2004	272,734	4.47	83	36,935	458,681	44,377
2005	282,392	3.92	65	32,814	349,071	38,543
2006	278,914	2.82	52	22,004	235,806	26,529
2007	252,400	3.34	49	25,232	224,714	29,606
2008	266,600	2.50	33	18,733	159,877	21,367
2009	272,856	2.43	33	19,171	167,827	21,696
2010	275,290	2.03	30	15,492	163,489	18,156
2011	296,845	2.14	39	17,694	267,237	23,736
2012	309,796	2.09	25	16,197	160,678	19,213
2013	306,941	2.66	24	22,247	129,861	24,425
2014	311,210	2.35	22	20,062	112,010	21,755
2015	309,565	2.09	20	17,903	104,767	19,319
2016	286,278	1.94	16	14,606	68,463	15,547
2017	259,709	1.69	13	11,563	54,287	12,246
April 30 2018	99,067	1.59	36	4,410.96	64,459.38	5,218.98
TOTALS	6,380,790	2.96	43	552,957	5,152,597	635,614

Mineralization

Mineralization occurs in Upper Cretaceous black limestone and calcareous shales of the Soyatal- Mezcala Formation as electrum, and silver selenide minerals principally associated with quartz and to a lesser degree with calcite. The deposit is an epithermal, low sulphidation precious metal (Au-Ag) type (metal ratio Ag:Au at 10:1).

Mineralization is generally made up of breccia that commonly is concordant with a limestone/shale contact (in the San Martin and San José areas) which forms the relatively steeply dipping “Tronco” and “Mantos” oreshoots, these veins contact the younger volcanic flows (dacite and ignimbrite) where they have formed the more horizontal portions of the deposit. The mineralized economic breccia grades from 30 g Ag/t to 250 g Ag/t. Exploration has been concentrated along the NE trending breccia zone however evidence of a northerly trend in area 30 and 31 leads to suspect possible other structures together with 2.0 g Au/t to 30 g Au/t over widths that vary from 1.5 to 17.0 m but average 4.0 m.

The mineralized oreshoots show several stages of brecciation and cementation, with four major stages of hydrothermal breccias and supergene alteration that filled fractures and late cavities. The metallic

mineralization is mainly formed by electrum, naumannite, tetrahedrite, pyrite and chalcopyrite as hypogene minerals, and free gold, partzite, chlorargyrite, malachite, hematite, goethite-limonite as supergene minerals. Gangue minerals are mainly quartz, chalcedony and calcite, with minor amounts of adularia. Quartz and calcite occur in all the four stages cementing the breccia fragments of rock and older vein. Chalcedony, quartz and calcite associated with the economic mineralization usually show saccharoid, crustiform, colloform, cockade and comb textures. Stage one is totally barren of silver and gold. The main Ag-Au mineralization occurred in the second stage of brecciation, associated to colloform and chalcedony quartz. Stage three is carrying low grade and is abundant. The late stage of mineralization is characterized by native gold content, chlorargyrite and abundant partzite, as a result of the supergene alteration. Mineralization occurs as native gold, electrum, naumannite (AgSe) and argentojarosite ($\text{AgFe}_3(\text{SO}_4)_2(\text{OH})_6$) associated principally with quartz and lesser calcite. The silver contained in argentojarosite is not recoverable with cyanidation.

Mining Operations

Mine production operations are in two distinct underground zones and one under one small open pit operation. Current mining is from zones, which are contiguous to, or nearby, earlier mined out areas.

The two underground zones are known as San José II and San Martín, while the open pit is the near surface remnants is now a closed operation. Production operations have been underway at the San Martín mine since May 1994. On top of the big breccia-vein the structure becomes a manto-like. Here the Cuerpo 28 and Cuerpo 29 orebodies have been exploited partially since 1998. A set of faults crosscut the structure and thrown down the continuous oreshoot and split it into several segments where Cuerpo 30 and Cuerpo 31 have been found.

The orebody geometry and geotechnical attributes of the ore and host rocks, in both underground zones, resulted in the selection of mechanized, trackless, room and pillar stoping, with post waste rock backfill and a poor mix of waste and cement, as the most suitable mining method for ore extraction. Ore recovered from these operations is hauled to surface by truck to the mill infrastructure, where it is crushed and milled.

The operations that were visited, by Mr. Enriquez, were dry, well-ventilated, very tidy and appeared to be run in an orderly manner. The development headings are well supported with regular patterned roof bolting, through mesh and shotcrete, as a standard throughout the mine.

Initial mining experience in the Cuerpo 28 zone indicated that dilution from waste wall rock and waste is greater than predicted in previous reports. Starcore has introduced measures to reduce the dilution and also to increase ore recovery.

Dilution has been controlled with cemented waste rock as the fill medium. The experience with dilution from this waste rock backfill is not affecting the cost per ounce produced from treating lower grade ore, suggests that this backfill system, involving some combination of rock and cement, may have been more economic and safe.

In addition to overall cost reduction programs, including trials of bulk emulsion explosives, Starcore management is implementing mine design modifications to reduce the ratio of waste development to ore tonnes and consequently the reduction in mining costs

Current Reserves and Resources

The mineral resource estimation for the San Martin Mine was completed in accordance to the guidelines of Canadian National Instrument 43-101 (“NI 43-101”). The modeling and estimation of the mineral resources were completed in April 30, 2018 under the supervision of Erme Enriquez, qualified person with respect to mineral resource estimations under NI 43-101.

The effective date of the resource estimate is April 30, 2018. Mr. Enriquez is independent of Starcore by the definitions and criteria set forth in NI 43-101; there is no affiliation between Mr. Enriquez and Starcore except that of independent consultant/client relationships.

The San Martin resources are classified in order of increasing geological and quantitative confidence in Proven and Probable, Inferred and Indicated categories in accordance with the “CIM Definition Standards – For Mineral Resources and Mineral Reserves” (2014) and therefore NI 43-101, as is the Inferred Resources category.

In the years prior to mining by CMPB reserve and resource estimates were based on the assumptions and subject to rules defined by Luismin many years ago. In recent years, with the involvement of various professionals, it was recognized that mining methodology was changing due to factors such as:

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

Based on the above mining changes and incorporating mining experience over the last 7 years some of the original Luismin assumptions have been modified to improve tonnage and grade estimation for reserves. The assumptions used in this estimate are:

- A gold price of \$1300 per ounce.
- A silver price of \$16.00 per ounce.
- First quarter 2018 operating costs of US\$69.41 per metric dry tonne.
- Average metallurgical recoveries of 88% for gold and 55% for silver.
- Using the above price and cost assumptions the resultant calculated cutoff grade is approximately 1.66 g/t Au equivalent.
- Specific gravity of 2.6 g/cm³ has been applied to all calculated mineralized volumes.
- Mining dilution is applied to in situ mineralized zones, and recovery factors are applied to these diluted blocks using the following factors:
- Mining dilution of 20% of zero grade in horizontal mineralized zones (Mantos) mined by room and pillar.
- Mining dilution of 20% of zero grade in steeply dipping mineralized zones mined by cut and fill. This dilution factor is modified by first applying a minimum 2-meter mining width to narrow zones.
- Remnant pillars left in room and pillar stopes are typically 20% of the total tonnage, i.e. 80% extraction. This recovery factor has been applied to sub-horizontal mineralized zones.

In addition to these factors reserve grades are lowered to reflect mined grades in ore blocks that have sufficient historical production to establish that mined grades are lower than estimated from exploration data. The reserves and resources estimated in this report are based on data available up until April 30, 2018.

The mineral resources reported herein are classified as Measured, Indicated and Inferred according to CIM Definition Standards.

Total Inferred Mineral Resources at the San Martin mine, estimated by Starcore, are about 1,495,812 tonnes at a grade of 1.94 g Au/t and 25 g Ag/t. Inferred and Indicated Mineral Resources are not known to the same degree of certainty as Mineral Reserves and do not have demonstrated economic viability.

Mineral Resources Inferred and Indicated, San Martín Mine
Compañía Minera Peña de Bernal, SA de CV Mineral Resource Estimate
(as of April 30, 2018)

Mine	Tonnes	Grade		Total Contained oz		
		(Au g/t)	(Ag g/t)	(oz Au)	(oz Ag)	(oz Au Eq)
San Jose II						
Inferred	178,871	1.73	10	9,935	57,578	9,579
San Martín						
Inferred	454,288	1.82	11	26,563	153,528	25,607
Inferred	410,400	1.76	16	23,289	206,350	23,245
Retaques SM						
Inferred	20,209	1.80	13	1,170	8,447	1,146
Cuerpo 28						
Inferred	182,684	2.44	88	20,666	513,925	26,991
4-700						
Inferred	92,918	1.77	36	5,295	108,115	5,963
Total Inferred	1,339,370	1.87	24	86,917	1,047,943	99,814
San Martín						
Indicated	156,442	2.56	27	12,883	136,711	13,109
Total Indicated	156,442	2.56	27	12,883	136,711	13,109

- Resources are valid as of April 30, 2018 as defined by end of month April 2018 topography.
- Measured, Indicated and Inferred resource cut-off grades were 1.66 g/t gold equivalent at San Martín.
- Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the mineral resources estimated will be converted into mineral reserves.
- Metallurgical recoveries were 88% gold and 55% silver.
- Gold equivalents are based on a 1:81 gold: silver ratio. $Au Eq = gAu/t + (gAg/t \div 81)$
- Price assumptions are \$1300 per ounce for gold and \$16.00 per ounce for silver for resource cutoff calculations.
- Mineral resources are estimated exclusive of and in addition to mineral reserves.
- Resources are constrained by a conceptual underground mining using parameters summarized in section.
- Resources were estimated by Stracore and reviewed by Erme Enriquez CPG.
- Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

The Total Proven and Probable Mineral Reserves at the San Martín mine as of April 30, 2018 estimated by Stracore and reviewed by Erme Enriquez are 1,651,318 tonnes at a grade of 2.11 g Au/t and 33 g Ag/t.

Mineral Reserve Estimate Proven and Probable, San Martin Mine
Compañía Minera Peña de Bernal, SA de CV
Mineral Reserve San Martin Mine
(as of April 30, 2018)

Category	Tonnes	Grade		Total Contained oz		
		(g Au/t)	(g Ag/t)	(oz Au)	(oz Ag)	(oz Au Eq)
Proven	409,879	2.57	60	33,910	765,096	52,952
Probable	1,241,439	1.96	24	78,049	934,112	101,429
Total Proven and Probable	1,651,318	2.11	33	111,958	1,699,208	154,382

- Reserve cut-off grades are based on a 1.66 g/t gold equivalent.
- Metallurgical Recoveries were 88% gold and 55% silver.
- Mining Recoveries of 90% were applied.
- Minimum mining widths were 1.5 meters.
- Dilution factors is 20%. Dilution factors are calculated based on internal stope dilution calculations.
- Gold equivalents are based on a 1:81 gold:silver ratio. $Au Eq = gAu/t + (gAg/t \div 81)$
- Price assumptions are \$1300 per ounce for gold and \$16 per ounce for silver.
- Mineral resources are estimated exclusive of and in addition to mineral reserves.
- Resources were estimated by Stracore and reviewed by Erme Enriquez CPG.
- Dilution factor is 20%. Dilution factors are calculated based on historical internal stope dilution calculations.
- Reserves are exclusive of the indicated and measured resources.

Local Resources & Infrastructure

At each of the mine sites, the water required is supplied from the dewatering of the mines. Industrial water for the cyanide plant is recycled, and additional water (60,000 m³/y of fresh water) is obtained from nearby wells. Electrical power from the Federal Electricity Commission (34 kV) supplies both the plant and mine, and satisfies power demand, which averages about 1.1 megawatts. Two emergency generators, one of 500 kW and other of 200 kW, provide power to the mill in case of outages. An upgrade to the tailings dam was completed in 2010, when dry stacking of the tailings began, and current capacity is sufficient for many years of production. Apart from offices, dining room, warehouses, shop and other facilities, Starcore also provides dormitories and limited housing facilities for employees working on a rotational schedule at the township of Ezequiel Montes and Bernal. Much of the labor work force lives in the San Martin town and nearby communities. The area has a rich tradition of mining and there is an ample supply of skilled personnel sufficient to man both the underground mining operations and the surface facilities.

Starcore has negotiated access and the right to use surface lands sufficient for many years of operation. Sufficient area exists at the property for all needed surface infrastructure related to the life-of-mine plan, including processing, maintenance, fuel storage, explosives storage and administrative offices. There exists sufficient capacity in existing tailing impoundments for tailings disposal.

Exploration

Exploration at San Martin is concentrated along the strike length of the breccia zone. In-house diamond drilling initially tests selected targets, which is followed by underground development that outlines Mineral Reserves. Target selection is assisted by structural, geochemical and geophysical surveying that has included magnetics, induced polarization and resistivity. The resistivity surveys have been particularly successful in outlining the quartz breccia and several promising resistivity anomalies, detected since 1998, to the northeast remain to be tested. The most recent discovery at San Martin is Cuerpo 30 and 31. Extension of the structure with Cuerpo 32, 33 and 34 remain still to be tested with deep holes.

Other targets that have been drilled is the Santa Elena vein projection, to the NE of the San Martin oreshoot. This particularly structure has significant geologic potential and may represent an exceptional target for testing. The discovery of the SAM, Guadalupe and San Martin footwall veins are examples of significant recent success from the ongoing underground exploration programs.

A surface geological mapping and sampling was conducted by Starcore at San Martín focused, from north to northeast structures of Chicarrroma and other veins that may have some importance for exploration. Santa Elena is one of the veins that has been intercepted with surface diamond drill holes, to the NE of the San Martin Body and is exposed at coordinates 397,350E and 2,292,494N at an elevation of 2041 m.a.s.l. The structure here consists in a breccia formed of first stages quartz and limestone fragments of all different sizes. Old trench works done by Luismin in early 90's have been cleaned and are ready for sampling. The idea that the structure was N-S trending encouraged Luismin to drill in the area, but holes, in QP opinion, were done parallel to the structure. Figure 9-1 (of the Technical Report) shows a geological map of the San Martin mine with the structure of San Martin trending NE and then bending to the NW and the structure of Santa Elena shown to the NE of the San Martin body and to the SW of the tailings dam and mill.

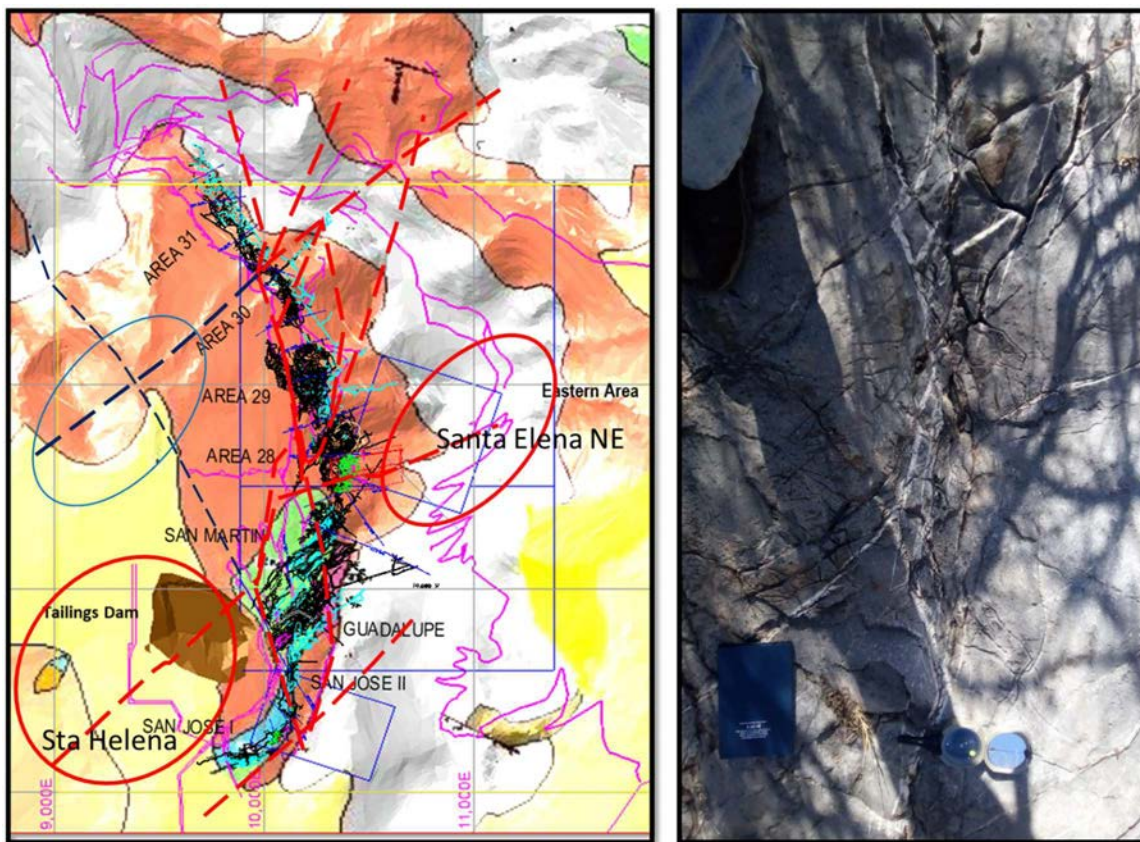


Figure on the left that geologic map of the district showing the San Martin structure and the Santa Elena vein, to the NE and SW. On the right, a microstructure on the Soyatal Formation that is a mirror of the major structure of San Martin. Source: Starcore Geology Department.

One sample collected recently from ant nest in the breccia, run 0.15 g/g Au and 5.2 g/t Ag. Sampling of trenches and later drilling will be necessary for exploring the Santa Elena structure, on the SW little valley.

Drilling

Diamond drilling at the San Martín Mine Project is conducted under two general modes of operation: one by the exploration staff (surface exploration drilling) and the other by the mine staff (production and underground exploration

drilling). Production drilling is predominantly concerned with definition and extension of the known mineralized zones in order to guide development and mining. Exploration drilling is conducted further from the active mining area with the goal of expanding the resource base. Drilling results from both programs were not used in the mineral resource and mineral reserve estimates presented in this report. To date, all drilling completed at the mine has been diamond core.

Surface drillholes are generally oriented to intersect the veins as close to perpendicular as possible. The drillholes are typically drilled from the hanging wall, perpendicular to, and passing through the target structure into the footwall, and no drilling is designed for intercepts with angles less than about 30° to the target.

Underground drillholes are typically drilled from the hanging wall of the main structure, and are ideally drilled perpendicular to structures, but oblique intersection is required in some instances due to limitations of the drill station. All holes are designed to pass through the target and into the footwalls. Both surface and underground drillholes are typically HQ to NQ in size.

As the core is received at the core facility, geotechnical data is logged manually on paper sheets and entered to Excel.15,316 The core is then manually logged for geological data and marked for sampling. Geological data and sample information are entered directly into Excel spreadsheets.

Sample Preparation, Analysis & Security

The samples received in the laboratory are dried before entering the preparation process. A primary size reduction is made up to 1/8 inch. The sample is divided into smaller portions using a Jones crusher until a sample of 150 g is obtained, which is considered representative of the initial sample volume.

The sample is reduced in size in a ring sprayer to a size smaller than 150 meshes, then is homogenized and placed in an envelope previously labeled with the folio number given by the Department of Geology, including the date.

From the sample in the envelope, 20 g are taken and homogenized with the mixture of fluxes to be cast and obtain the lead button that has captured the gold and silver values. This button with values is placed in a cup to remove the lead and obtain a gold and silver button at the end of the process.

The button of gold is weighed, and a chemical attack is made to dissolve the silver, the residue is pure gold that is weighed and, in this way, obtain the gold and silver grades present in the mineral sample.

This analysis of gold and silver in mineral samples has a detection limit of 0.1 g/t Au and 3.0 g/t Ag.

CMPB's internal QAQC includes adding one duplicate, one reference and one blank to every 20 samples. A sample of sterile (white) material is crushed before starting the size reduction process. The degree of reduction is verified by passing the total of the sample through the # 6 mesh; 80% of the sample must pass, otherwise the breaker opening is adjusted. This process is done in the first sample and then every 20 samples. Similarly, every 20 samples in the crusher

will pass a sample of sterile material, in addition to cleaning the equipment with compressed air, including the Jones quartz that is used to divide the sample into small portions.

Continuing with the reduction process, after passing the sample through the ring sprayer, it passes through the 150 mesh, through which 80% of the total weight must pass. To avoid contamination, compressed air is used to clean the equipment and every 20 samples a sterile material is sprayed.

The pulverized sample is taken to furnace in batches of 42 samples each. At the beginning of each batch a blank is placed, in the position number 21 a standard of known value is placed and in the position number 42 a duplicate of the sample corresponding to the position number 22 is placed.

The Assay Standard CDN-ME-1304 certified standard is from the CDN Resource Laboratories LTD laboratory, with a grade of 1.80 g/t Au and 34.0 g/t Ag. In the same way, an in-home made and validated standard is used on site, with a grade of 1.93 g/t Au and 40.5 g/t Ag.

When performing the gold and silver test and the relationship between these two elements is less than 4, it is considered to repeat the assay of the sample by adding silver nitrate (inaccurate) to increase the ratio and prevent the encapsulation of the silver.

The third-party laboratory that has been used is ALS Geochemistry, located in Guadalajara, Jalisco, of ALS Global.

In the past, personnel of Inspectorate laboratories in Vancouver has inspected the mine lab facilities and has provided procedures, flux recipes and feedback on all laboratory equipment. The mine has been awarded the Mexican Quality Award which is like International Standards ISO 9001 for quality control in the overall mining operations and with the award Certificate of Clean Industry by SEMARNAT.

Data Verification

Historically (since 1993 to 2003), the San Martin mine has been using a specific gravity of 2.7 to convert volume in cubic metres to metric tons (the tonnage factor). Under suggestion of Mr. Gunning and M. Whiting, the geological staff started to implement, a specific gravity testing procedure on diamond drill core.

Following an examination of drill core and wallrock conditions in stopes, the “Method of Archimedes” (dry mass in grams divided by water displacement in milliliters method) was chosen as a reasonable and time effective procedure. There is not a significant amount of void space, so the costlier and time-consuming methods of pre-coating drill core are not recommended.

A selection of drill core from the San Martin and Guadalupe veins was tested and a new specific gravity was recommended. The new SG is 2.55 g/cm³ was used prior 2014 Resource and Reserves. Subsequent testing more recently has shown values between 2.6 and 2.8. These new data have resulted in the use of 2.6 g/cm³ for estimates in 2014 and later.

Other Mineral Properties

In addition to our principal property, the San Martin Mine, we have several other mineral interests in exploration properties, as summarized below, which we do not consider to be material to our operations at this time. These include three molybdenum-copper exploration projects that we acquired through our acquisition of Creston Moly Corp. (“**Creston Moly**”) from Deloitte Restructuring Inc., in its capacity as trustee in bankruptcy of Mercator Minerals Ltd., in February 2015 for a purchase price of Cdn\$2 million – namely, the El Creston Project in Mexico, the Ajax Project in British Columbia and the Molybrook Project in Newfoundland.

Creston Moly, a British Columbia company, was formerly a wholly-owned subsidiary of Mercator Minerals, who acquired Creston Moly in 2011 in a cash-and-shares deal valuing Creston Moly at approximately Cdn\$194 million.

- ***El Creston Project, Sonora, Mexico***

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. Creston Moly's indirect wholly-owned subsidiary, Exploraciones Global S.A. de C.V. ("Exploraciones Global"), is the registered holder of the El Creston property. Exploraciones Global purchased the claims comprising the El Creston property from the previous owners. The property is known to host several zones of porphyry-style molybdenum copper mineralization.

El Creston Project, Sonora, Mexico									
Tenure Number	Claim Name	Owner/ Interest	Underlying Royalty	Tenure Type/ Tenure Sub Type	Area (ha)	Issue Date/ Present Expiry Date	Required Holding Expenses	Property Surface Rights	Ownership
219813	Meztli	Exploraciones Global/ 100%	3% NSR	Concession/ Mining Exploration	89	16/04/2003 4/15/2053	Taxes to be paid semi-annually. Notice of Work form filed by May 30 th	4,529 hectares 100% Owned acquired through purchase from local landowners and hijdo. 573 hectares leased for 30 years with exclusive option to purchase	Ejido and local landowners
220332	Meztli 1	Exploraciones Global/ 100%	3% NSR	Concession/ Mining Exploration	8	16/07/2003 7/15/2053	Taxes to be paid semi-annually. Notice of Work form filed by May 30 th	Part of above	As above
222321	Lorenia	Exploraciones Global/ 100%	3% NSR	Concession/ Mining Exploration	138	25/06/2004 6/24/2054	Taxes to be paid semi-annually. Notice of Work form filed by May 30 th	Part of above	As above
222700	Alma	Exploraciones Global/ 100%	3% NSR	Concession/ Mining Exploration	359	13/08/2004 8/12/2054	Taxes to be paid semi-annually. Notice of Work form filed by May 30 th	Part of above	As above

El Creston Project, Sonora, Mexico									
Tenure Number	Claim Name	Owner/ Interest	Underlying Royalty	Tenure Type/ Tenure Sub Type	Area (ha)	Issue Date/ Present Expiry Date	Required Holding Expenses	Property Surface Rights	Ownership
223111	Letty	Exploraciones Global/ 100%	3% NSR	Concession/ Mining Exploration	391.509	15/10/2004 10/14/2054	Taxes to be paid semi-annually. Notice of Work form filed by May 30 th	Part of above	As above
225638	Meztli 2	Exploraciones Global/ 100%	3% NSR	Concession/ Mining Exploration	1455.98	30/09/2005 9/29/2055	Taxes to be paid semi-annually. Notice of Work form filed by May 30 th	Part of above	As above
229984	Meztli 6	Exploraciones Global/ 100%	3% NSR	Concession/ Mining	0.0032	04/07/2007 7/3/2057	Taxes to be paid semi-annually. Notice of Work form filed by May 30 th	Part of above	As above
230018	Meztli 4	Exploraciones Global/ 100%	3% NSR	Concession/ Mining	8465.04	10/07/2007 7/9/2057	Taxes to be paid semi-annually. Notice of Work form filed by May 30 th	Part of above	As above
231151	Meztli 3	Exploraciones Global/ 100%	3% NSR	Concession/ Mining	457.056	18/01/2008 1/17/2058	Taxes to be paid semi-annually. Notice of Work form filed by May 30 th	Part of above	As above

- **Sierra Rosario: Sinaloa, Mexico**

Located within the historically productive Sierra Madre Occident geological province in the northern Mexican state of Sinaloa, the Sierra Rosario property consists of two large mineral exploration concessions totalling 978.57 hectares. On February 2018, the Company sold this property for US\$100,000 and an additional 1% NSR.

- **Ajax Project, British Columbia.**

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

Creston Moly's wholly-owned subsidiary, Tenajon Resources Corp. ("**Tenajon Resources**"), is the registered holder of the Ajax property. Tenajon Resources acquired all but one of the claims comprising the Ajax property through on line staking; the final claim, identified by tenure number 511540, was acquired by way of a claim conversion (that is, a procedure for converting manually-staked claims to computerized-staked claims).

Ajax Molybdenum Property, British Columbia, Canada									
Tenure Number	Claim Name	Owner/ Interest	Underlying Royalty	Tenure Type/ Tenure Sub Type	Area (ha)	Issue Date/ Present Expiry Date	Required Holding Expenses	Property Surface Rights	Ownership
501393	mq2	Tenajon Resources Corp./ 100%	NONE	Claim/ Mineral Exploration	402.28	12/01/2005 14/07/2021	No work required until 2021. No gov't fees	None	Government
504775	mq3	Tenajon Resources Corp./ 100%	NONE	Claim/ Mineral Exploration	255.99	25/01/2005 27/07/2021	No work required until 2021. No gov't fees	None	Government
504776	mq3	Tenajon Resources Corp./ 100%	NONE	Claim/ Mineral Exploration	292.7	25/01/2005 27/07/2021	No work required until 2021. No gov't fees	None	Government
504782	mq-5	Tenajon Resources Corp./ 100%	NONE	Claim/ Mineral Exploration	146.22	25/01/2005 27/07/2021	No work required until 2021. No gov't fees	None	Government
505618	mq5	Tenajon Resources Corp./ 100%	NONE	Claim/ Mineral Exploration	256.00	02/02/2015 04/08/2021	No work required until 2021. No gov't fees	None	Government
511540		Tenajon Resources Corp./ 100%	NONE	Claim/ Mineral Exploration	365.67	22/04/2005 09/06/2021	No work required until 2021. No gov't fees	None	Government
				Total	1718.86				

- ***Molybrook Project, Newfoundland.***

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

Creston Moly's wholly-owned subsidiary, Tenajon Resources, is the registered holder of the Molybrook property. Tenajon Resources acquired its interest from the party that originally staked the underlying claim.

Molybrook Molybdenum Property, Newfoundland, Canada								
Tenure Number	Owner/ Interest	Underlying Royalty	Tenure Type/ Sub Type	Area (ha)	Issue Date/ Present Expiry Date	Required Holding Expenses	Property Surface Rights	Ownership
23630	Tenajon Resources Corp./ 100%	2% NSR	Claim/ Mineral Exploration	1100	18/12/2000 18/12/2018	No work required until 2018. in order to keep Claim; after 2018 must spend \$52,400 prior to expiry. No gov't fees.	None	Government

- ***Toiyabe Property, Nevada, USA***

We have the right to acquire a 100% undivided interest, subject to a 3% net smelter royalty, in 165 mining claims located in Lander County, Nevada, more commonly known as the Toiyabe Property. The Toiyabe Property has demonstrated similar structural characteristics to the Cortez, Cortez Hills and Pipeline deposits, all located within 10 miles of the Toiyabe Property.

Consideration to be paid to acquire the interest in the Toiyabe Property is US\$900,000 and the commitment for the Company to incur total exploration expenditures of US\$1,025,000 on the property (which expenses have been incurred), by the earlier of October 15, 2018 or the date the Company enters into a joint venture agreement over Toiyabe or the date that the Company completes a bankable feasibility study on the property.

We also have the right to purchase up to one-half of the net smelter royalty (or 1.5%) on the basis of US\$2 million per each 1% of the royalty. There are no payments required on this property until 2018.

On October 24, 2016, the Company completed Phase 1 drilling on the Toiyabe property. A total of 3,011 meters of RC/core were drilled in 15 holes. Shallow RC drill holes have identified a possible extension of the near-surface resource and the first deep core hole has identified high-grade gold mineralization (1.5 m of 12.9 g/t Au) at depth.

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

Toiyabe Project 2016 Phase 1 Initial Assay Results							
Hole ID	AZIMUTH	INCL	T DEPTH (m)	FROM (m)	TO (m)	THICKNESS (meters)	Au g/t
T-1601	NA	-90	140.2	77.7	112.8	35.1	0.31
T-1601C	NA	-90	390.4	269.1	294.1	40.2	1.30
	includes			255.4	258.5	3	7.70
	includes			255.4	256.9	1.5	12.90
T-1602	NA	-90	134.1	67.1	80.8	13.7	0.16
T-1607	NA	-90	196.6	13.7	16.8	3	1.90
T-1608	NA	-90	208.8	120.4	123.4	3	0.16
				132.6	138.7	6.1	0.32
				146.3	164.6	18.3	0.46
				179.8	192.0	12.2	0.13
T-1609	45	-60	91.4	32.0	33.5	1.5	0.88
T-1611	NA	-90	213.3	NSV			
T-1612	NA	-90	342.9	193.5	201.2	7.6	0.11
T-1613	NA	-90	315.5	76.2	89.9	13.7	0.27
T-1615	45	-45	163.1	82.3	89.9	7.6	0.23
				99.1	103.6	4.6	0.24
T1616	45	-45	152.4	41.1	48.8	7.6	0.13
				36.6	76.2	39.6	0.15
T-1618	45	-45	91.4	7.6	12.2	4.6	0.28
				82.3	83.8	1.5	0.82
T-1619	45	-45	121.9	38.1	44.2	6.1	1.07
T-1620	45	-45	121.9	108.2	114.3	6.1	0.16
T-1621	45	-45	121.9	68.6	74.7	6.1	1.08
T-1622	45	-45	121.9	50.3	53.3	3	3.10

Assays from T-1601C, the first deep core hole, show a broad mineralized zone from 254 to 294 meters (40 m) which averages 1.3 g/t Au. This zone includes 3 meters of 7.7 g/t Au (255.4-258.4 m) or 1.5 meters of 12.9 g/t Au (255.4-256.9 m). The mineralized intervals coincide closely with highly altered breccia within broad fault zones.

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

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

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

On May 22, 2018 Starcore filed an updated National Instrument (“NI 43-101”) “Technical Report for the Toiyabe Gold Project in Lander County, Nevada”, prepared by Paul D. Noland CPG dated May 11, 2018.

Highlights from the Technical Report include:

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

We acquired the right to a 100% undivided interest, subject to a 3% net smelter royalty, in 73 mining claims located in Ferry County, Washington State, United States of America (“**Lone Ranch**”) from MinQuest Inc. (“**MinQuest**”). Consideration to be paid for the interest is US\$360,000, and the commitment to incur total exploration expenditures of US\$1,225,000 (of which \$175,000 has been incurred) on the property, by the third anniversary of the “New Effective Date” as agreed by MinQuest.

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

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

The property is readily accessible and located within 20 miles of the Kettle River Processing facility operated by Kinross. There are no property payments required on this property until 2018.

There is no assurance that a commercially viable mineral deposit exists on any of our exploration properties, or that we will be able to identify any mineral resource on any of these properties that can be developed profitably. Even if we do discover commercially exploitable levels of mineral resources on any of our properties, which is unlikely, there can be no assurance that we will be able to enter into commercial production of our mineral properties.

Processing Plant

The Altiplano gold and silver processing plant (the “**Altiplano Plant**”) is constructed on land with an area of 75 hectares located in Matehuala, Mexico. Both the land and the Altiplano Plant are owned by Altiplano Goldsilver S.A. de C.V., a wholly-owned subsidiary of Cortez Gold Corp., which is a wholly-owned subsidiary of the Company.

The Plant offers processing for precious metals and is designed to process 25 tons per day. The facility has the capacity to expand to 50 tons per day if extra leaching tanks are installed; at this time there is no intention to expand the processing capacity of the plant.

For environmental matters, the Altiplano Plant is required to abide by the governing laws of Mexico, as well as the provincial and local regulations.

As at February 15, 2016, the Altiplano Plant poured its first doré bar, weighing in at 21.131 kg. The Company’s management has determined the commencement of commercial production to have begun on November 1, 2016. Since then, the Plant has been receiving concentrate deliveries to test the full facilities of the plant and procedures. Prior to commencement of commercial production, all of the pre-operational costs and any test production revenue were capitalized to Plant costs until such time as the facility was of sufficient operational status with the ability to function as management intended.

San Pedrito Property Sale

In March 2017, the Company closed the sale of the San Pedrito Property, a non-core asset located in Queretaro, Mexico for a total of **C\$13.50 million*** (**MXN\$ 192,784,331**). The sale agreement was subject to various confirmations, including compliance with state and municipal regulations and confirmation that the property was in good standing so conveyancing could proceed. Various requirements have been met, whereupon the buyer has removed several subject conditions and has made the first parcel payment to the Company of **MXN\$ 137,671,371 (C\$ 9,640,852)*** plus interest on this amount from March, 9, 2016, of **MXN\$ 7,576,445 (C\$ 530,563)***, for a total payment of **MXN\$ 145,247,816 (C\$ 10,171,415)***.

Details of the transaction are as follows:

1. Total surface area sold covers 74.0831.544 hectares (740,831.544 square meters) sold at \$250 pesos per square meter.
2. Payments are staged as follows:

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

⁽¹⁾ The remaining two parcels await various confirmations from different local and federal authorities. As the Company receives these confirmations, the buyer will immediately remit the corresponding payment for each parcel of land. It is expected that these clearances will be confirmed within the next 6 months.

⁽²⁾ Based on exchange rate of 14.28 Pesos/CAD\$ as at close of March 21, 2017.

⁽³⁾ Based on exchange rate of 15.03 01 Pesos/CAD\$ that is the actual date of collection as at close of on November 8, 2017.

⁽⁴⁾ the Company received MXN\$ 12,500,000 and interest of MXN\$ 1,270,833 on a parcel of 5 ha of the remaining parcels to be received.

Item 5 Operating and Financial Review and Prospects

The following discussion and analysis of our financial condition and results of operations for the fiscal period ended April 30, 2018 should be read in conjunction with our financial statements and related notes included in this Annual Report. Our financial statements included in this Annual Report were prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

A. Operating Results

Our results of operations have been, and may continue to be, affected by many factors of a global nature, including economic and market conditions, the availability of capital, the level and volatility of prices and interest rates, currency values, commodities prices and other market indices, technological changes, the availability of credit, inflation and legislative and regulatory developments. Factors of a local nature, including political, social, financial and economic stability, the availability of capital, technology, workers, engineers and management, geology and weather conditions, may also affect our results of operations. As a result of the economic and competitive factors discussed above, our results of operations may vary significantly from period to period. Except where otherwise noted, financial results are rounded to the nearest \$1,000 and are expressed in Canadian currency.

Year Ended April 30, 2018, April 30, 2017 Compared to Year Ended Nine-Month Transition Year Ended April 30, 2016.
(in thousands of audited)

	Twelve- Month Year Ended April 30, 2018	Twelve-Month Year Ended April 30, 2017	Nine-Month Transition Year Ended April 30, 2016
Revenues			
Mined ore	21,005	\$24,642	\$20,326
Purchased concentrate	6,802	2,586	-
Total revenue	27,807	27,228	20,326
Cost of sales			
Mined ore	(20,672)	(18,641)	(14,093)
Purchased concentrate	(7,150)	(2,151)	-
Depreciation and depletion	(4,913)	(5,610)	(4,714)
Total cost of sales	(32,735)	(26,402)	(18,807)
Earnings from mining operations	(4,928)	826	1,519
Financing income(costs)	(61)	(626)	(387)
Foreign exchange gain (loss)	193	1,283	(159)
Professional and consulting fees	(1,204)	(731)	(1,031)
Management fees and salaries	(1,514)	(1,642)	(918)
Office and administration	(1,908)	(1,368)	(1,114)
Property investigation costs	(433)	-	-
Shareholder relations	(198)	(291)	(110)
Regulatory and transfer agent fees	(166)	(218)	(244)
Write-down for obsolete equipment	-	-	-
Loss before taxes	(10,219)	(2,767)	(2,444)
Other Income: Sale of San Pedrito		7,128	-
Other Loss: Impairment of Mining Interest, Plant and Equipment	(6,713)	-	-
Other Loss: Loss on disposal of E&E Asset	(1,013)	-	-
Income tax recovery (provision)	5,945	2,861	2,639
Earnings for the year	(12,000)	7,222	195

Comparison April 30, 2018 to April 30, 2017

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

Sales of metals for mining operations for the twelve months ended April 30, 2018 approximated 11,782 ounces of gold and 101,378 ounces of silver sold at average prices in the period of US\$1,293 and US\$16.76 per ounce, respectively. This is a decrease in sale ounces from the comparative period ended April 30, 2017 where sales of metal approximated 14,791 ounces of gold and 80,421 ounces of silver, sold at lower average prices of US\$1,264 and US\$18.04 per ounce, respectively.

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

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

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

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

Other Items

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

- Financing costs during the year decreased by \$565 due to the Company not incurring interest on debt which was repaid in the prior year ended April 30, 2017 further offset by and the interest income earned from the sale of San Pedrito property (*see 4.2 Property Activity*);
- Office and administration increased by \$540 due higher corporate costs relating to general regulatory administration in the current year.
- Management fees and salaries decreased by \$128 primarily due to the resignation of the prior COO and the period of time the Company acted before replacing the COO position;

- Foreign exchange gain increased by \$1,090 for the year ended April 30, 2018. 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;
- Professional and consulting fees increased by \$473 to \$1,204 primarily due to additional costs relating to the San Pedrito sale. Professional fees relate primarily to charges in relations to legal, tax and audit fees;
- Property investigation costs of \$433 were incurred during the year to perform the necessary due diligence on new projects, including primarily the Santa Fe Project.
- Loss on disposal of Exploration and Evaluation Asset of \$1,013 resulted directly due to the sale of the Sierra Rosario asset to a third party.
- Deferred Income Tax Recovery increased by \$3,084 due to the Company recognizing its ability to use additional, previously unrecognized, non-capital loss carry forwards in the current and future periods.
- Impairment on CIL Plant led to an adjustment of \$1,713 after management determined that the plant is no longer useful in the operations. Additional \$5,000 impairment was recorded on the San Martin mine after management determined that future cash flow projects were negatively impacted due to changes in variables such as the amount of recoverable reserves, resources, and exploration potential, production cost estimates, discount rates and exchange rates.

Comparison April 30, 2017 to April 30, 2016

Overall, revenue from milled ore decreased by \$0.3 million compared to the equivalent 12 month prior period due mainly to lower metal production and lower gold and silver recovery in the current period compared to prior year. Mined ore costs decreased in the current period due to lower tonnage processed and lower overall mine development costs and costs of labour and supplies, including chemicals and electricity. As a percentage of mined ore revenue, earnings from mining operations decreased to 3% of mined ore revenue compared to 10% in the comparative period.

Sales of metals for the year ended April 30, 2017 approximated 14,791 ounces of gold and 80,421 ounces of silver sold at average prices in the period of US\$1,264 and US\$18.04 per ounce, respectively. This is a decrease in sale ounces from the comparative period ended April 30, 2016 where sales of metal approximated 16,720 ounces of gold and 100,293 ounces of silver, sold at lower average prices of US\$1,147 and US\$15.11 per ounce, respectively.

The total cost of sales above includes non-cash expenses for depreciation and depletion of \$5,610, compared to \$6,075 in the comparable 12 month period, 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 period ending April 30, 2017, the Company produced \$826 in earnings from mine operations compared to \$2,667 for the comparable 12 month period ended April 30, 2016. The change resulted partially due to a decrease in the sale of metal ounces when compared to the prior period despite a higher average price for the commodity. The combination of slightly lower recoveries for gold and silver also resulted in lower revenue as compared to the prior period.

Costs per ounce for the period ended April 30, 2017 were US\$969/EqOz. which are higher than the average operating cash cost of US\$847/EqOz. during the period ended April 30, 2016. This resulted in higher reported mined ore costs at \$18,641 compared to \$18,772 in the previous comparable 12 month period ended April 30, 2016. Included in mined ore costs in the current period is depletion of \$5,610 compared to \$6,075 for the comparable 12 month period ended April 30, 2016 and the cost of purchasing concentrate of \$2,151.

Other Items

Changes in other items for the year ended April 30, 2017, resulted in the following significant changes from the twelve month period ended April 30, 2016:

- Financing costs during the period increased by \$27 due to the debt extension charges of \$45 which were incurred during the year.;
- Office and administration decreased by \$210 due higher corporate costs relating to acquisition of its subsidiaries, general regulatory administration and office related costs in the prior year.
- Management fees and salaries increased by \$358 primarily due to the costs related to share based compensation that were granted during the year;
- Foreign exchange increased by \$734 for the period ended April 30, 2017. The increase relates primarily due to the weakening of the Mexican peso and Canadian dollar and strengthening of the US dollar, the functional currency of the mining operations in the prior comparable period;
- Professional and consulting fees decreased by \$690 to \$731 due to higher fees charged in relations to legal, tax and audit fees in the prior comparative period;
- Regulatory and transfer agent fees decreased by \$84 due to costs relating to registration on the United States markets that were incurred in the prior year;
- Deferred Income Tax Recovery increased by \$84 due to the Company recognizing its ability to use its non-capital loss carry forwards in the current and future years.
- Sale of San Pedrito during the year resulted in a gain of \$7,128. This is a transaction that was not in the normal course of business.

Comparison April 30, 2016 to April 30, 2015

In May 2016, our Board of Directors resolved to change our financial year end from July 31 to April 30, with the result that our transition financial year ended on April 30, 2016 covered a period of nine months. Accordingly, for illustrative purposes, this section provides a comparison of our financial results for the transition financial year ended on April 30, 2016 and the nine-month period ended April 30, 2015.

Overall, revenue from milled ore decreased by \$1.7 million compared to the prior period due mainly to lower metal production and lower gold and silver recovery in the current period compared to prior year. Cost of sales decreased in the current period due to lower tonnage processed and lower overall mine development costs and costs of labour and supplies, including chemicals and electricity. As a percentage of mined ore revenue, earnings from mining operations increased to 7% of mined ore revenue compared to 5% in the comparative period.

Sales of metals for the period ended April 30, 2016 approximated 12,666 ounces of gold and 72,105 ounces of silver sold at average prices in the period of US\$1,142 and US\$14.87 per ounce, respectively. This is a decrease in sale ounces from the comparative period ended April 30, 2015 where sales of metal approximated 14,709 ounces of gold and 73,642 ounces of silver, sold at higher average prices of US\$1,224 and US\$17.30 per ounce, respectively.

The total cost of sales above includes non-cash expenses for depreciation and depletion of \$4,714, compared to \$5,141 in the comparable period last period, 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 period ending April 30, 2016, the Company produced \$1,519 in earnings from mine operations compared to \$1,038 for the period ended April 30, 2015. The increase resulted partially due to the strengthening USD which converted into Canadian Dollar ("CDN") at \$1.255 in the current period compared to \$1.210 at April 30, 2015, which increased revenues and concurrently lowered costs. The combination of slightly higher recoveries for gold and silver, despite a lower metal price per ounce, resulted in higher revenue as compared to the prior period.

Costs per ounce for the period ended April 30, 2016 were much lower at an average operating cash cost of US\$846/EqOz. compared to an average operating cash cost of US\$920/EqOz. during the period ended April

30, 2015, resulting in reported mined ore costs which were \$2,194 lower at \$18,807. Also included in mined ore costs in the current period is depletion of \$4,714 compared to \$5,141 for the period ended April 30, 2015.

Other Items

Changes in other items for the period ended April 30, 2016, resulted in the following significant changes from the period ended April 30, 2015:

- Financing costs during the period increased by \$319 due to the debt that was raised by the Company to finance the Altiplano project;
- Office and administration increased by \$133 due higher corporate costs relating to acquisition of Cortez Gold Corp., general regulatory administration and office related costs.
- Foreign exchange decreased by \$1,358 for the period ended April 30, 2016. The decrease relates primarily due to the weakening of the Mexican peso and Canadian dollar in relation to the US dollar, the functional currency of the mining operations in the prior comparable period.
- Professional and consulting fees increased by \$107 to \$1,031 due to higher fees charged in relations to legal, tax and audit fees in the prior comparative period.
- Transfer Agent Fees increased by \$145 due to costs relating to registration on the United States markets.
- Deferred Income Tax Recovery increased by \$1,842 due to the Company recognizing its ability to use its non-capital loss carry forwards in the current and future years.

B. Liquidity and Capital Resources

Liquidity risk arises from the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements. The Company accomplishes this by achieving profitable operations and maintaining sufficient cash reserves. As at April 30, 2018, the Company was holding cash of \$2,321,000 (2017 - \$5,558,000) and short-term investments of \$Nil (2017 - \$4,005,000).

Obligations due within twelve months of the year ended,	2018	2019	2020 and beyond
Trade and other payables	\$4,774,000	\$ -	\$ -
Current portion of loan payable	-	1,334,000	-
Reclamation and closure obligations	-	-	1,280,000

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

The Company has several sources of cash flow which includes raising cash through debt, issuance of shares and from operating a profitable mine.

1. During the year ended April 30, 2018 the Company secured an additional \$1,283 (USD1,000) loan with a lender. The full principal plus accrued interest on the loan shall be repayable to the lender on October 25, 2019 and is secured against certain assets of the Company and bears interest at 8% per annum, compounded annually, with interest payable annually on October 25, 2018 and October 25, 2019. Interest not paid when due shall be added to principal amount and shall bear interest from such due date at 8% interest.
2. The Company has no contractual commitments for capital expenditures and has disclosed all material commitments under Section F ("*Tabular disclosure of contractual obligations*"). The Company does have budgeted capital expenditures to be incurred in the normal operation of the San Martin Mine, the Altiplano facility and for exploration of properties, which are expected to approximate \$3.5 million in fiscal 2017.

C. Research and Development, Patents and Licenses, etc.

We do not currently, and did not previously, have research and development policies in place.

D. Trend Information

There have been no significant recent trends in production, sales and inventory, the state of the order book and costs and selling prices in our business since the end of the latest financial year, nor are there any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a current or future effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors. Although there are significant uncertainties in respect of market prices for minerals and, accordingly, the availability of equity financing for the purposes of mineral exploration and development, we do not believe that the fluctuations in market price are predictable. The price of minerals has fluctuated widely in recent years and wide fluctuations are expected to continue.

E. Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resource that is material to investors. We have optioned its mineral properties from a private company controlled by an officer and director of our Company.

F. Tabular Disclosure of Contractual Obligations

Obligations due within twelve months of the year ended,	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
	(in thousands of Canadian dollars)				
Trade and other payables	\$ 4,774	\$ 4,774	\$ -	\$ -	\$ -
Loan payable	1,334	-	1,334	-	-
Rehabilitation and closure cost provision	1,280	-	-	-	1,280
Executive employment agreement obligation	2,000	1,000	1,000	-	-
Land lease obligation	132	132	-	-	-
Office lease obligation	288	144	144	-	-

G. Safe harbor.

Statements in Item 5.E and Item 5.F of this Annual Report on Form 20-F that are not statements of historical fact, constitute “forward-looking statements.” See “Forward-Looking Statements” on page 3 of this Annual Report. Our Company is relying on the safe harbor provided in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, in making such forward-looking statements.

Item 6 Directors, Senior Management and Employees

A. Directors and Senior Management

The following table sets forth the names, age, business experience and functions and areas of experience in our Company of each of our directors and officers:

Name Office Held Age	Area of Experience and Functions in Our Company
Robert Eadie Chief Executive Officer and Director Age: 53	As our Chief Executive Officer, Mr. Eadie is responsible for strategic planning and operations, as well as managing our relations with our lawyers, regulatory authorities and investor community; as a director, Mr. Eadie participates in management oversight and helps to ensure compliance with our corporate governance policies and standards. Mr. Eadie was one of the founders of our Company.
Gary Arca Chief Financial Officer and Director Age: 58	As Chief Financial Officer, Mr. Arca is responsible for the management and supervision of all of the financial aspects of our business; as a director, Mr. Arca participates in management oversight and as Chairman of the Corporate Governance committee, helps to design our corporate governance policies and standards and ensures compliance therewith.
Salvador Garcia Chief Operations Officer and Director Age:	As our Chief Operating Officer, Mr. Garcia is responsible for our exploration, development and mining operations and for management of our Mexican operations; as a director, Mr. Garcia participates in management oversight and helps to ensure compliance with our corporate governance policies and standards.
Cory Kent Director and Corporate Secretary Age: 49	As Corporate Secretary, Mr. Kent is responsible for ensuring that the board of directors has the proper advice and resources to fulfill their duties to shareholders. Mr. Kent's duties include compliance with statutory and regulatory requirements. Mr. Kent is a member of the Compensation Committee.
Jordan Estra Director Age: 71	As an independent director, Mr. Estra provides oversight to management to help ensure alignment with corporate strategies and compliance with our corporate governance policies and standards. Mr. Estra is a member of the Audit Committee and the Corporate Governance Committee.
Ken Sumanik Director Age: 81	As an independent director, Mr. Sumanik provides oversight to management to help ensure alignment with corporate strategies and compliance with our corporate governance policies and standards. Mr. Sumanik is a member of the Audit Committee, the Compensation Committee and the Corporate Governance Committee.
Federico Villaseñor Director Age: 66	As an independent director, Mr. Villaseñor provides oversight to management to help ensure alignment with corporate strategies and compliance with our corporate governance policies and standards. Mr. Villaseñor is a member of the Audit Committee and the Compensation Committee.
Tanya Lutzke Director Age: 49	As an independent director, Ms. Lutzke provides oversight for management to help ensure alignment with corporate strategies and compliance with our corporate governance policies and standards. Ms. Lutzke's membership in the Board of Directors also confirms management's compliance with gender diversity in its Board.

Robert Eadie – Chief Executive Officer and Director

Mr. Eadie has been our President & Chief Executive Officer, and a director of our Company since October 2003. Mr. Eadie is a self-employed business owner and has many years of experience in working with and helping build start-up companies. He began his career as a corporate investor and public relations consultant and went on to establish his own investor relations consulting business. He has since become an executive, officer or director of a number of junior public companies, primarily in the natural resource sector. In the past 20 years, Mr. Eadie has been actively

involved in public resource companies raising over \$100 million dollars for various exploration and development projects around the world.

Gary Arca – Chief Financial Officer and Director

Mr. Arca has been our Chief Financial Officer and a director of our Company since January 2006. Mr. Arca has over 37 years of financial management experience. He is a Chartered Professional Accountant (CPA) and has been a member of the Canadian Institute of Chartered Professional Accountants and British Columbia Institute of Chartered Professional Accountants since 1980. He was a partner with public accounting firms, Amisano Hanson from 2002 to 2005 and Driver Anderson from 1996 to 2001.

Mr. Arca has provided auditing, consulting, taxation, accounting and litigation support services to various clients. Mr. Arca has extensive experience dealing with public companies and start-ups both from the perspective of management and as a consultant, and has served as a director of various publicly traded resource companies.

Mr. Arca is Chair of the Corporate Governance Committee.

Salvador Garcia – COO & Director

Mr. Garcia has been a Director of the Company since October 2017. With over 39 years of progressive experience in the mining industry in Mexico, Mr. Garcia joined Starcore International Mines in August 2017 as COO. His extensive experience encompasses mine development and production including open pit and underground operations.

Prior to Starcore, Mr. García was the Country Manager in Mexico for First Majestic Silver Corp, serving in that company since 2013. Previously, Mr. Garcia collaborated with Luismin (purchased by Goldcorp (TSX:G)(NYSE:GG) for a period of 25 years holding several positions from General Manager to Operations Director and later promoted to the senior management team of Goldcorp as Vice President for Mexico. During his tenure at Goldcorp, he was in charge of the operations at the Tayoltita and San Antonio mines and was involved in the development, construction and operation of the Los Filos, El Sauzal and Peñasquito mines.

Mr. García holds a B.Sc. degree in Mining Engineering from the Guanajuato University School of Mines in Mexico. In addition, Mr. García is the President of the Mining Cluster of Sonora State, member of the CAMIMEX (Mexican Mining Chamber) Advisor Board, Member of the Mining Cluster of Zacatecas State, Member of the Mining Advisors Board of San Luis Potosi State.

Cory Kent LLB – Corporate Secretary & Director

Mr. Kent has been a director of our Company since November 2004. Mr. Kent is a Partner at McMillan LLP., With a practice focused on corporate securities law and related technology, natural resources and commercial matters, Mr. Kent possesses a strong and varied legal background suited to the junior mining sector.

Mr. Kent is a member of the Compensation Committee.

Mr. Jordan Estra – Director

Mr. Estra has been a director of our Company since March 2010. Mr. Estra is Managing Director of Private Equity at Sutter Securities Incorporated, a full-service investment banking firm headquartered in San Francisco, California. Mr. Estra is also currently President and Chief Executive Officer of Ophir Brasil Mineracao, Ltda., a privately owned gold mining company in Brazil, and President and Chief Executive Officer of Ophir Consulting Group, Inc., a privately owned mining consulting company. His background includes his experience as a leading research analyst for a number of international investment banks.

Mr. Estra graduated with High Distinction from Babson College (International Economics) and with Honors from the Columbia University Graduate School of Business (Finance). He served in the United States Army (Medical Corps) and has been a member of the American Institute of Mining, Metallurgical and Petroleum Engineers, the Foreign Policy Associate, the New York Society of Security Analysts and the Stock & Bond Club of South Florida. He holds Series 6, 7, 24, 57 and 58 securities licenses.

Mr. Estra is a member of the Audit Committee and the Corporate Governance Committee.

Mr. Federico Villaseñor – Director

Mr. Villaseñor has been a director of our Company since February, 2007. He is currently a consultant to various mining companies. From 2007 to 2014, he served as the Business Development Director for Goldcorp Mexico, a subsidiary of Goldcorp Inc., a leading global gold producer engaged in the acquisition, exploration, development and operation of gold properties in Canada, the United States and Latin America. He obtained a B.Sc. in Mining Engineering from the University of Guanajuato in 1972, a Master of Science from Columbia University of New York City in 1976 and a Finance Degree from the Instituto Tecnológico de Mexico in 1985. Mr. Villaseñor has been a member of the Mexican Mining Chamber Board.

Mr. Villaseñor is a member of the Audit Committee and the Compensation Committee.

Mr. Ken Sumanik – Director

Mr. Sumanik has been a director of our Company since November, 1993. He is an environment and land specialist with over 40 years of experience in logging and mining impact assessment and evaluation. From 1989 to 1999, he held the position of Vice-President of Environment and Land Use for the Mining Association of British Columbia.

Mr. Sumanik then served as Assistant to the Minister for Mining in British Columbia before becoming involved with publicly listed junior mining companies on the TSX Venture Exchange and the Toronto Stock Exchange.

Mr. Sumanik is currently a retired resource consultant.

Mr. Sumanik sits on the Audit Committee, the Compensation Committee and the Corporate Governance Committee.

Ms. Tanya Lutzke – Director

Ms. Lutzke has been a director of our Company since October, 2016 and has over 10 years' experience in financial services, the banking industry and law enforcement. A native of Vancouver, B.C., Ms. Lutzke attended the University of British Columbia and obtained her Financial Planning and Canadian Securities Institute designations.

Director Interlocks

Each of our directors and officers has served and continue to serve as officers and/or directors of other companies engaged in natural resource exploration and development and related industries.

Messrs. Robert Eadie and Gary Arca (who are, respectively, the Chief Executive Officer and Chief Financial Officer or our Company, in addition to serving on our Board of Directors) are also executive officers and directors of iMining Blockchain and Cryptocurrency Inc. and Providence Gold Mines Inc., each of which is a junior company listed on the TSX Venture Exchange with mineral exploration activities in Canada. Mrs. Tanya Lutzke, a member of our Board of Directors, also serves as director of iMining Blockchain and Cryptocurrency Inc. Mr. Cory Kent, our Corporate Secretary and a member of our Board of Directors, is a director of Nevada Sunrise Gold Corp., a junior company listed on the TSX Venture Exchange with mineral exploration properties in Nevada.

Mr. Federico Villaseñor, a member of our Board of Directors, is also a director of Santacruz Silver Mining, Ltd., a company listed on the TSX Venture Exchange whose operations include the Rosario silver mine near the town of Charcas, in the state of San Luis Potosi, Mexico.

Mr. Jordan Estra, a member of our Board of Directors, is also a director of each of Searchlight Minerals Corp. and Meadow Bay Gold Corporation. Searchlight Minerals Corp. is a junior mineral exploration company quoted on the OTCQB with a slag reprocessing project in Arizona, and Meadow Bay Gold Corporation is a junior company listed on the Toronto Stock Exchange that is focused on exploration activities at the Altanta Gold Mine Project site in the State of Nevada.

B. Compensation

Executive Compensation

The following table contains information about the compensation paid for services in all capacities to us, including compensation paid to or earned by (a) our Chief Executive Officer (or an individual who acted in a similar capacity); (b) our Chief Financial Officer (or an individual who acted in a similar capacity); (c) each of the three most highly compensated executive officers, other than the Chief Executive Officer and Chief Financial Officer, who were serving as executive officers as at April 30, 2018 and whose total salary and bonus exceeds \$150,000 during the period ended April 30, 2018; and (d) any additional individuals for whom disclosure would have been provided under (c) except that the individual was not serving as an officer of our Company as of April 30, 2018.

Summary Compensation Table

The compensation paid to the Named Executive Officers during the Company's most recently completed financial year ended April 30, 2018 is as set out below and expressed in Canadian dollars unless otherwise noted:

Name and principal position	Year ended April 30, 2018	Salary ⁽¹⁾ (\$)	Share-based awards ⁽⁴⁾ (\$)	Option-based awards (\$)	Non-equity incentive plan compensation ⁽²⁾ (\$)		Pension value (\$)	All other compensation ⁽³⁾ (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Robert Eadie Executive Chairman, CEO & President	2018	360,000	16,129	-	150,000	-	-	12,000	538,129
Gary Arca CFO	2018	240,000	8,064	-	80,000	-	-	12,000	340,064
Salvador Garcia COO	2018	210,000	Nil	-	-	-	-	-	210,000

- (1) Includes the dollar value of cash and non-cash base salary earned during a financial year covered. Pursuant to their executive employment agreements amended effective as of August 2015, Messrs. Eadie, Gunning and Arca are entitled to be paid annual salaries of \$360,000, \$240,000 and \$240,000, respectively. Each executive employment agreement is for a term of five years to July 31, 2020. For additional details please refer to the discussion below under the heading, "Directors, Senior Management and Employees – Board Practices – Executive Employment Agreements".
- (2) These amounts include annual non-equity incentive plan compensation, such as bonuses and discretionary amounts for the year ended April 30, 2018.
- (3) All other compensation includes \$12,000 paid to each of Mr. Eadie and Mr. Arca as directors' fees for 2018.
- (4) Share based awards are based on DSU options vested and the volume weighted average ("VWAP") of the trading price per common share on the Toronto Stock Exchange ("TSX") for the last ten (10) trading days ending on that date.

Long Term Incentive Plan (LTIP) Awards

We do not have any long term incentive plans and, except as disclosed above.

An LTIP is "any plan providing compensation intended to motivate performance over a period longer than one fiscal year but does not include option or stock appreciation rights plans or plans for compensation through shares or units that are subject to restrictions on resale".

Option and Stock Appreciation Rights (SARs)

The Company currently has 898,750 options granted under previously approved stock option plans. The Company does not currently have an active plan as shareholders rejected the Company's share option plan dated for reference January 17, 2011 (the "Plan") at its annual general meeting in January 2014. No further options may be granted under the Plan. However, the Plan continues to govern outstanding options that were granted under it or otherwise made subject to it.

The Plan had been established to provide incentive to qualified parties to increase their proprietary interest in the Company and thereby encourage their continuing association with the Company. The Plan is administered by the Board. The Plan provided that options will be issued pursuant to option agreements to directors, officers, employees or consultants of the Company or a subsidiary of the Company. All options expire on a date not later than 10 years after the issuance of such option. Subject to the requirements of the policies of the TSX and the prior receipt of any necessary regulatory approval, the Board may, in its absolute discretion, amend or modify the Plan or any outstanding option granted under the Plan, as to the provisions set out in the Plan.

The process by which the Board has historically granted option-based awards to executive officers is: The Board, after reviewing recommendations from the Compensation Committee and management, approves stock option grants to executive officers and employees annually. Additional options may be granted as options are replenished within the Plan. Options are granted at other times of the year to individuals commencing employment with the Company. The exercise price for the options is set in accordance with the policies of the TSX.

Please see "Share Ownership" for details relating to our previous stock option plan.

Option/SAR Grants During the Most Recently Completed Financial Year

During the most recently completed financial year ended April 30, 2018 and subsequent thereto, no stock options were granted. See "Options and Stock Appreciation Rights."

Aggregated Option/SAR Exercises During the Most Recently Completed Financial Year and Financial Year-End Option/SAR Values

The following table sets forth the value of outstanding options held by the executive officers as of April 30, 2018. The value of the unexercised in-the-money options at fiscal year end is the difference between the closing price of the common shares on April 30, 2018, which was \$0.195, and the exercise price of the options.

Name	Securities Acquired on Exercise	Aggregate Value Realized (\$)	Unexercised Options at FY-End (#) Exercisable/ Unexercisable	Value of Unexercised in-the-Money Options at FY-End (\$) Exercisable/ Unexercisable
Robert Eadie	Nil	Nil	250,000 ⁽²⁾⁽³⁾	Nil/Nil
Gary Arca	Nil	Nil	175,000 ⁽²⁾⁽³⁾	Nil/Nil
Salvador Garcia	Nil	Nil		Nil/Nil

- (1) The market price of the Company's common shares as reported on the TSX on April 30, 2018 was \$0.195 per
- (2) Options are fully vested.
- (3) Exercise price is \$0.88.

Option and SAR Repricings

There were no repricings of stock options under the stock option plan or otherwise during our completed financial year ended April 30, 2018. No amendments can be made to any outstanding options.

Defined Benefit or Actuarial Plan

We do not have a defined benefit or actuarial plan.

Compensation of Directors

The compensation provided to the directors, excluding the three officers named in the foregoing, for the Company's most recently completed financial year of April 30, 2018, is as follows:

Name ⁽¹⁾	Fees earned ⁽¹⁾ (\$)	Share-based Awards ⁽²⁾ (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation ⁽³⁾ (\$)	Total (\$)
Cory Kent	12,000	8,064	Nil	Nil	Nil	13,853	33,917
Ken Sumanik	14,000	8,064	Nil	Nil	Nil	Nil	22,064
Jordan Estra	Nil	8,064	Nil	Nil	Nil	Nil	8,064
Federico Villaseñor	21,500	8,064	Nil	Nil	Nil	Nil	29,564
Tanya Lutzke	14,000	4,032	Nil	Nil	Nil	Nil	18,032

- (1) Includes all fees awarded, earned, paid or payable in cash for services as a director, including annual retainer fees, committee, chair and meeting fees.
- (2) Includes share based awards granted during the year that vested during the year. The values of such awards have been determined based on the market price of the Company's common shares as reported on the TSX on April 30, 2018 which was \$0.195 per share.
- (3) Includes all compensation paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, wherein the director received compensation for services rendered. The Company paid in legal fees to a law firm of which Cory Kent is a partner.

Outstanding Share-based Awards and Option-based Awards

The following table sets out all share-based awards and option-based awards outstanding as at April 30, 2018, for each director, excluding a director who is already set out in disclosure for a Named Executive Officer for the Company:

The following table sets out all share-based awards and option-based awards outstanding as at April 30, 2018, for each director, excluding a director who is already set out in disclosure for a Named Executive Officer for the Company:

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ⁽¹⁾ (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Cory Kent	Nil	n/a	n/a	Nil	65,000	13,105
Ken Sumanik	Nil	n/a	n/a	Nil	65,000	13,105
Jordan Estra	Nil	n/a	n/a	Nil	65,000	13,105
Federico Villaseñor	Nil	n/a	n/a	n/a	65,000	13,105
Tanya Lutzke	Nil	n/a	n/a	n/a	45,000	9,072

- (1) The market price of the Company's common shares as reported on the TSX on April 30, 2018 was \$0.195 per share.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets out all incentive plans (value vested or earned) during the year ended April 30, 2018, for each director who was not a Named Executive Officer

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Cory Kent	Nil	8,064	Nil
Ken Sumanik	Nil	8,064	Nil
Jordan Estra	Nil	8,064	Nil
Federico Villaseñor	Nil	8,064	Nil
Tanya Lutzke	Nil	4,032	Nil

C. Board Practices

Each director of our Company is elected annually and holds office until the next annual general meeting of the shareholders unless that person ceases to be a director before then. Our last annual general meeting of the shareholders was held on October 24, 2017.

Name and Position with the Company	Director/Officer Since
Robert Eadie Executive Chairman, Chief Executive Officer and Director	October 24, 2003
Salvador Garcia Chief Operating Officer and Director	October 24, 2017
Gary Arca Chief Financial Officer and Director	January 25, 2006
Cory Kent, Corporate Secretary and Director	January 25, 2006
Ken Sumanik Director	November 19, 1993
Federico Villaseñor Director	February 1, 2007
Jordan Estra Director	March 26, 2010
Tanya Lutzke Director	October 28, 2016

2. Executive Employment Agreements

Pursuant to an executive employment agreement amended with effect as of August 1, 2015, Robert Eadie is paid a base salary of \$360,000 per annum, for acting as Chief Executive Officer of the Company. The agreement is for a term of five years to July 31, 2020 and may be terminated upon notice in writing and payment of \$720,000. In

addition, the agreement provides that, for a period of 30 days after a “change of control”, Mr. Eadie may, by notice in writing to the Company, deem the agreement to be terminated, in which case Mr. Eadie will receive a lump sum payment of \$720,000. A change of control (a “Change of Control”) is deemed to occur when (i) there is a sale of all or substantially all of the assets of the Company, (ii) there is a merger of the Company whereby shareholders of the Company hold less than 50% of the shares in the surviving entity, (iii) there is a change in ownership of voting securities of the Company sufficient to permit any person to elect or appoint a majority of the Board of Directors, (iv) any person or persons acting jointly or in concert acquire greater than 50% of the outstanding voting securities of the Company, or (v) there is a change in the composition of the Board of Directors of the Company as a result of a proposal by a shareholder group not supported by management resulting in current members of the Board of Directors representing less than 51% of the members of the Board of Directors. In addition to his base salary, Mr. Eadie received fees for his services as a director in the amount of \$12,000 for the year ended April 30, 2017.

Pursuant to an executive employment agreement amended with effect as of August 1, 2015, Gary Arca is paid a base salary of \$240,000 per annum, for acting as Chief Financial Officer of the Company. The agreement is for a term of five years to July 31, 2020 and may be terminated upon notice in writing and payment of \$480,000. In addition, the agreement provides that, for a period of 30 days after a Change of Control, Mr. Arca may, by notice in writing to the Company, deem the agreement to be terminated, in which case Mr. Arca will receive a lump sum payment of \$480,000. In addition to his base salary, Mr. Arca received fees for his services as a director in the amount of \$12,000 for the year ended April 30, 2017.

Pursuant to an executive employment agreement with effect as at August 21, 2017, Salvador Garcia was paid a base fee of US\$315,000 for acting as Chief Operating Officer of the Company.

3. Committees

The members of our Company’s audit committee include Jordan Estra (Chairman), Tanya Lutzke, Ken Sumanik and Federico Villaseñor. The audit committee is directly responsible for overseeing the work of the external auditors in preparing or issuing the auditor’s report, including the resolution of disagreements between management and the external auditors regarding financial reporting and audit scope or procedures. The audit committee also considers whether adequate controls are in place over annual and interim financial reporting as well as controls over assets, transactions and the creation of obligations, commitments and liabilities of our Company. The audit committee also reviews the financial statements and financial information prior to its release to the public.

The members of our Company’s compensation committee are Cory Kent, Ken Sumanik and Federico Villaseñor (Chairman). The function of the Compensation Committee is to review periodically the compensation paid to the Company’s executive officers and to the Directors, and to make recommendations on compensation to the Board. In addition, the Committee reviews the compensation plans for the Company’s senior executive staff and administers the Company’s stock option plan.

The members of our Company’s corporate governance committee are Ken Sumanik, Jordan Estra and Gary Arca (Chairman). The Corporate Governance & Nominating Committee is charged with the responsibility of developing corporate governance policies and seeking out individuals for appointment to the board of directors as required.

D. Employees

The San Martin mine operates with a combination of contractors and employees. Most of the hourly workers are contracted through the union or syndicate. The mine has a good relationship with the union and has seen significantly fewer labour issues than most other mines in Mexico.

As at April 30, 2018, we had the following employees and contractors:

<u>Location</u>	<u>Full-Time Salaried</u>	<u>Hourly (Union)</u>	<u>Contractors</u>	<u>Total</u>
Altiplano	26	-	7	33
San Martin Mine	74	170	95	339
Vancouver Office	7	-	2	9

Location	Full-Time Salaried	Hourly (Union)	Contractors	Total
Total	107	170	104	381

In comparison, we had the following employees and contractors as at April 30, 2017:

Location	Full-Time Salaried	Hourly (Union)	Contractors	Total
Altiplano	19	0	0	19
San Martin Mine	61	168	85	314
Vancouver Office	11	0	3	14
Total	91	168	88	347

In comparison, we had the following employees and contractors as at April 30, 2016:

Location	Full-Time Salaried	Hourly (Union)	Contractors	Total
Altiplano	12	0	0	12
San Martin Mine	61	163	75	299
Vancouver Office	8	0	5	13
Total	81	163	80	324

E. Share Ownership

There were 49,646,851 common shares issued and outstanding as of April 30th, 2018. Of the shares issued and outstanding, warrants held and stock options granted, our directors and officers owned the following common shares as of April 30, 2018:

Name	Number of Common Shares Beneficially Owned	Percentage
Robert Eadie	2,932,117	5.90%
Gary Arca	537,499	1.08%
Salvador Garcia	500,000	1.00%
Cory Kent	77,625	0.15%

The voting rights attached to the common shares owned by our officers and directors do not differ from those voting rights attached to shares owned by people who are not officers or directors of our Company.

For information concerning options held by our officers and directors, please see "Compensation".

Stock Option Plan

The Company does not currently have any equity compensation arrangements in place under which directors, officers or employees can be granted an equity interest in the Company. The Company previously had an incentive stock option plan in place (the “Plan”) pursuant to which the Board had the ability to grant options to purchase common shares (“Options”) to directors, officers, employees and consultants to the Company. The Plan was subject to shareholder approval, which was not received at the Company’s January 28, 2014 annual general meeting. Options granted under the Plan prior to January 28, 2014 remain outstanding and are exercisable; however no new Options may be granted under the Plan. As at the April 30, 2018, Options to purchase 948,750 common shares remain outstanding under the Plan.

The following is a summary of the material terms of the Plan that apply to the outstanding Options:

- (a) All Options granted under the Plan are non-assignable, non-transferable, will be exercisable for such period as is determined by the board of directors on the date of grant, such period not to exceed 10 years, and will vest at the discretion of the board of directors;
- (b) for Options granted to employees or service providers (inclusive of management company employees), the Company must ensure that the proposed Optionee is a bona fide employee or service provider (inclusive of a management company employee), as the case may be, of the Company or of any of its subsidiaries;
- (c) if an Optionee ceases to be employed by the Company, other than as a result of termination with cause in which case the option terminates immediately or ceases to act as a director or officer of the Company or a subsidiary of the Company, any vested option held by such Optionee may be exercised within 30 days after the date such Optionee ceases to be employed or act as an officer or director;
- (d) in the case of the death of an Optionee, any vested Option held by the Optionee at the date of death will become exercisable by the Optionee’s lawful personal representatives, heirs or executors until the earlier of one year after the date of death of such Optionee and the date of expiration of the term otherwise applicable to such Option; and
- (e) subject to the policies of the Toronto Stock Exchange, the Plan and Options granted under it may be amended without shareholder approval to:
 - may make amendments which are of a typographical, grammatical, clerical or housekeeping nature only;
 - No other amendments are allowed.

For information regarding outstanding stock options, please see “Compensation” above.

In May, 2016, the Board of Directors approved the adoption of a Restricted Share Unit and Deferred Share Unit Plan (the “RSU/DSU Plan”) as part of the Company’s compensation arrangements for directors, officers, employees or consultants of the Company or a related entity of the Company. The RSU/DSU Plan was initialized as at August 1, 2016 with the first grants of RSUs and DSUs. The purpose of the RSU/DSU Plan is to provide directors, officers, employees or consultants (the “Eligible Persons”) with the opportunity to acquire restricted share units (RSU’s) and deferred share units (“DSUs”) of the Company, enabling them to participate in the long-term success of the Company, and to promote a greater alignment of their interests with the interests of the shareholders of the Company.

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

Both RSUs and DSUs, and all other rights, benefits or interests in the RSU/DSU Plan are non- transferrable (other than to a grantee’s beneficiary or estate, as the case may be, upon the death of the grantee). The RSUs and DSUs to be granted to Eligible Persons under the RSU/DSU Plan will entitle the holder to receive the fair market value of common shares, subject to vesting and performance criteria (the “Performance Conditions”) established by the Board.

Accordingly, the RSUs and DSUs will track the value of the underlying common shares, but the grantees will not receive the fair market value thereof until the applicable RSU or DSU vests, and upon vesting, will be further subject to meeting the Performance Conditions.

For the purposes of the RSU/DSU Plan, the fair market value of the Common Shares is determined, as at a particular date, by the volume weighted average (“VWAP”) of the trading price per common share on the Toronto Stock Exchange (“TSX”) for the last ten (10) trading days ending on that date.

The RSU/DSU Plan is administered by the Board. The Board has the authority to delegate all of its powers and authority under the RSU/DSU Plan to the Compensation Committee of the Board of Directors. The maximum number of common shares to be made subject to the RSU/DSU Plan together with options outstanding under the Company’s existing Stock Option Plan, will not exceed 10% of the outstanding common shares of the Company. The Board will be guided by this ceiling and the Performance Conditions described hereunder. The Board has also determined that it will not be seeking shareholder approval for the Stock Option Plan to be renewed, once the outstanding stock options have been exercised or expire, with the last outstanding options expiring on January 15, 2019.

Restricted Share Units

The purpose of the RSUs is to reward directors, officers, employees or consultants for their individual performance and to provide an alternative incentive mechanism to the Company’s Stock Option Plan which expires on January 15, 2019. The goal of such grants is to more closely align awards to individual performance and established performance criteria.

The RSU/DSU Plan permits the Board to grant awards of RSUs to Eligible Persons. The Board of Directors has the discretion to stipulate the length of time for vesting and to determine various performance conditions to be met prior to payout of any RSUs. The Board has determined the following criteria to govern RSUs:

1. RSUs will vest over a period of three years from the date of grant, vesting as to one-third at the end of each calendar year.
2. Performance Conditions will accompany vested RSUs as to the following percentages:
 - 50% of vested RSUs will automatically be paid out;
 - 25% of vested RSUs will be based on the market price having increased by a minimum of 10% per annum from the market share price in the initial year granted (with the minimum initial share price of C\$0.50), or 30% over a 3-year term. If this criteria is not met in the first year, so long as the criteria is met in either year 2 or year 3, the affected portion of vested RSUs will be paid out. If the criteria is not met, unpaid RSUs will expire
 - 25% of vested RSUs will be based on meeting an earnings-per-share of \$0.05 per annum. This portion of vested RSUs will not carry over to the succeeding years. If this criteria is not met, this portion of vested RSUs will expire in the year that they vest.

The Performance Conditions to be met are established by the Board at the time of grant of the RSU. RSUs that are permitted to be carried over to the succeeding years shall expire no later than December 30th of the third calendar year after the year in which the RSUs have been granted, and will be terminated to the extent the performance objectives or other vesting criteria have not been met. Upon vesting, and upon applying the Performance Conditions, the RSUs will be settled through a cash payment equal to the fair market value of the common shares underlying the RSUs as of the date of vesting.

Treatment of Dividends

If the Company pays a cash dividend on its shares, the RSUs held by an RSU Grantee will be increased by (i) multiplying the amount of the dividend per share by the aggregate number of Restricted Share Units that were credited to the Eligible Person’s account as of the record date for such dividend, and (ii) dividing that amount by the fair market value on the date on which the dividend is paid.

Termination and Change of Control

RSUs will remain outstanding and vest in accordance with their terms, unless the RSU Grantee is terminated by the Company with cause, in which case all RSUs held by the RSU Grantee, whether vested or unvested will be forfeited and cancelled without payment. In the event of a change of control of the Company and the subsequent termination of the RSU Grantee, or a decrease or diminishment of the RSU Grantee's duties, the RSUs will immediately vest and be paid out. Upon resignation of a participant, all unvested RSUs will be automatically cancelled and all rights in respect thereof will be forfeited for no consideration.

Deferred Share Units

DSU Awards will vest as to 33-1/3% on each anniversary date of the grant over a period of 3 years. No cash settlements will be given to the Eligible Person until he/she ceases to be an Eligible Person, whether such status changes as a result of the termination of service of the Eligible Person by the Company, retirement or resignation of the Eligible Person, removal from the Board of Directors, or otherwise, but in any event no later than three months following the Separation Date (being the date that the DSU recipient ceases to be an Eligible Person), or in the case of the death of the holder of the DSU Award, within two months of the death of the holder. All vested DSUs will be settled through a cash payment equal to the fair market value of the common shares ("FMV") underlying the DSUs, the determination of such FMV to be done on the Separation Date in accordance with the provisions of Regulation 6801(d) of the Income Tax Act.

Treatment of dividends for DSUs will be the same as the treatment of dividends for RSUs.

Item 7 Major Shareholders and Related Party Transactions

A. Major Shareholders

The following table sets forth, as of April 30, 2018, the persons known to us to be the beneficial owner of more than five percent (5%) of our common shares:

Name of Shareholder	No. of Common Shares Beneficially Owned	Percentage of Outstanding Common Shares	Percentage of Fully Diluted Common Shares⁽¹⁾
2176423 Ontario Ltd. (a private company controlled by Eric S. Sprott) Toronto, Ontario	7,681,693 ⁽²⁾	15.47%	15.10%
<u>Italpreziosi S P A</u>	3,787,135	7.62%	7.44%
<u>Robert Eadie</u>	2,932,117	5.90%	5.76%

(1) Based on 49,646,851 common shares issued and outstanding as at April 30, 2018, and 1,198,750 being the number of shares issuable upon the exercise of issued and outstanding stock options and warrants which are exercisable, for a total of 50,845,601 fully diluted common shares.

(2) The information is as at April 30, 2018, as derived from SEDI, the electronic filing system for Insider Reporting. The voting rights of our major shareholders do not differ from the voting rights of holders of our common shares who are not major shareholders.

As at June 30, 2018, the registrar and transfer agent for our Company reported that there were 49,646,851 common shares of our Company issued and outstanding. Of these, 44,032,794 were registered to Canadian residents (246 shareholders), 1,302,907 were registered to residents of the United States (92 shareholders) and 4,311,150 were registered to residents of other foreign countries (11 shareholders).

To the best of our knowledge, our Company is not directly or indirectly owned or controlled by another corporation, by any foreign government or by any other natural or legal person.

There are no arrangements known to us, the operation of which may at a subsequent date result in a change in the control of our Company.

B. Related Party Transactions

Other than compensation paid to our directors and officers in such capacities, and except as disclosed below, to the best of our knowledge, since the formation of our Company:

- there have been no material transactions to which we were or are a party and in which any of our directors or officers, any relative or spouse of any director or officer, or any individual owning, directly or indirectly, an interest in our voting power that gives it significant influence over us, has or will have a direct or indirect material interest; and
- none of our directors or officers, nor any relatives or spouses of such directors or officers, nor any individuals owning, directly or indirectly, an interest in our voting power that gives them significant influence over us, were indebted to us.

At the time that Starcore and Cortez Gold agreed to their business combination transaction described in Item 4B - *Our Business Overview*, three directors of Cortez Gold were also directors of Starcore, namely, Robert Eadie, Gary Arca and Federico Villaseñor.

C. Interests of experts and counsel

Not Applicable

Item 8 Financial Information

A. Consolidated Statements and Other Financial Information

Item 18 of this Annual Report contains our financial statements as at and for the year ended April 30, 2018. Our financial statements are stated in Canadian dollars and have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board.

Export Sales

(All dollar figures are in '000s)

Export sales constituted 100 percent of our Company's total sales volume during the fiscal years disclosed in the following table:

Year	Sales	Export Sales (%)
2018	\$27,807	100%
2017	\$27,228	100%
2016	\$20,326	100%
2015	\$28,405	100%
2014	\$33,136	100%

Legal Proceedings

There are no legal proceedings to which our Company is a party and, to our knowledge, no such proceedings are pending.

On December 22, 2015, the SEC initiated proceedings under Section 12(j) of the Securities Exchange Act of 1934 for our Company's failure to comply with Exchange Act Section 13(a) and Rules 13a-1 and 13a-13 thereunder because it had not filed any periodic reports with the Commission since the period ended April 30, 2004. On January 25, 2016, the Company executed an Offer of Settlement presented by the SEC to settle the proceedings. The SEC issued its Final Order on February 1, 2016.

Dividend Policy

Our Company does not have a formal dividend policy.

Our Company paid our shareholders dividends in September 2014. Any future payment of dividends or distributions will be determined by the board of directors of our Company on the basis of our Company's earnings, financial requirements and other relevant factors. Successful operation of our business is subject to a number of risks and uncertainties, including those described under the heading "Risk Factors" appearing on page8, above.

B. Significant Changes

Not Applicable

Item 9 The Offer and Listing

A. Offer and Listing Details

Not Applicable

B. Plan of Distribution

Not Applicable

C. Markets

Our common shares trade on the TSX Exchange (Toronto Stock Exchange) with symbol "SAM" and our CUSIP number is 85525T202. Our common shares also trade on the Frankfurt Stock Exchange with symbol V4JA.

D. Selling shareholders

Not Applicable

E. Dilution

Not Applicable

F. Expenses of the issue

Not Applicable

Item 10 Additional Information

A. Share capital.

Not applicable for annual reports

B. Memorandum and articles of association.

This information is included in the 20F Registration Statement filed on August 12, 2016 and has not changed, except for the amendment to the Articles of the Company providing for the Direct Registration System (“DRS”) of the Company’s securities. DRS provides for electronic direct registration of securities in an investor’s name on the books of the Company’s transfer agent. See Exhibit 1.2

C. Material Contracts

With the exception of the contracts listed below and the executive employment agreements described under the heading “*Directors, Senior Management and Employees -Board Practices – Executive Employment Agreements*” above, we have not entered into any material contracts during the last twenty-four months that were outside those entered into in the ordinary course of business.

D. Exchange Controls

There are no government laws, decrees or regulations in Canada which restrict the export or import of capital or which affect the remittance of dividends, interest or other payments to non-resident holders of our common shares. Any remittances of dividends to United States residents and to other non-residents are, however, subject to withholding tax. See “Taxation” below.

Except as provided in the Investment Canada Act (Canada), which has rules regarding certain acquisitions of shares by non-residents, there is no limitation imposed by Canadian law or by our charter or other constituent documents on the right of a non-resident to hold or vote our common shares. The Investment Canada Act is a Canadian federal statute of broad application regulating the establishment and acquisition of Canadian businesses by non-Canadians, including individuals, governments or agencies thereof, corporations, partnerships, trusts or joint ventures. Investments by non-Canadians to acquire control over existing Canadian businesses or to establish new ones are either reviewable or notifiable under the Investment Canada Act. If an investment by a non-Canadian to acquire control over an existing Canadian business is reviewable under the Investment Canada Act, the Investment Canada Act generally prohibits implementation of the investment unless, after review, the Minister of Industry is satisfied that the investment is likely to be of net benefit to Canada.

E. Taxation

Canadian Federal Income Taxation

We consider that the following summary fairly describes the principal Canadian federal income tax consequences applicable to a holder of our common shares who at all material times deals at arm's length with our Company, who holds all common shares as capital property, who is resident in the United States, who is not a resident of Canada and who does not use or hold, and is not deemed to use or hold, his common shares of our Company in connection with carrying on a business in Canada (a “non-resident holder”). It is assumed that the common shares will at all material times be listed on a stock exchange that is prescribed for purposes of the *Income Tax Act* (Canada) (the “ITA”) and regulations thereunder. Investors should be aware that the Canadian federal income tax consequences applicable to holders of our common shares will change if, for any reason, we cease to be listed on a prescribed stock exchange. Accordingly, holders and prospective holders of our common shares should consult with their own tax advisors with respect to the income tax consequences of them purchasing, owing and disposing of our common shares should we cease to be listed on a prescribed stock exchange.

This summary is based upon the current provisions of the ITA, the regulations thereunder, the Canada-United States Tax Convention as amended by the Protocols thereto (the “Treaty”) as at the date of the Annual Report and the currently publicly announced administrative and assessing policies of the Canada Revenue Agency (the “CRA”). This summary does not take into account Canadian provincial income tax consequences. This description is not exhaustive of all possible Canadian federal income tax consequences and does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial action. This summary does, however, take into account all specific proposals to amend the ITA and regulations thereunder, publicly announced by the Government of Canada to the date hereof.

This summary does not address potential tax effects relevant to our Company or those tax considerations that depend upon circumstances specific to each investor. Accordingly, holders and prospective holders of our common shares should consult with their own tax advisors with respect to the income tax consequences to them of purchasing, owning and disposing of common shares in our Company.

Dividends

The ITA provides that dividends and other distributions deemed to be dividends paid or deemed to be paid by a Canadian resident corporation (such as our Company) to a non-resident of Canada shall be subject to a non-resident withholding tax equal to 25% of the gross amount of the dividend or deemed dividend. Provisions in the ITA relating to dividend and deemed dividend payments to and gains realized by non-residents of Canada, who are residents of the United States, are subject to the Treaty. The Treaty may reduce the withholding tax rate on dividends as discussed below.

Article X of the Treaty as amended by the US-Canada Protocol ratified on November 9, 1995 provides a 5% withholding tax on gross dividends or deemed dividends paid to a United States corporation which beneficially owns at least 10% of the voting stock of the company paying the dividend. In cases where dividends or deemed dividends are paid to a United States resident (other than a corporation) or a United States corporation which beneficially owns less than 10% of the voting stock of a company, a withholding tax of 15% is imposed on the gross amount of the dividend or deemed dividend paid. We would be required to withhold any such tax from the dividend and remit the tax directly to the CRA for the account of the investor.

The reduction in withholding tax from 25%, pursuant to the Treaty, will not be available:

- (a) if the shares in respect of which the dividends are paid formed part of the business property or were otherwise effectively connected with a permanent establishment or fixed base that the holder has or had in Canada within the 12 months preceding the disposition, or
- (b) the holder is a U.S. LLC which is not subject to tax in the U.S.

The Treaty generally exempts from Canadian income tax dividends paid to a religious, scientific, literary, educational or charitable organization or to an organization exclusively administering a pension, retirement or employee benefit fund or plan, if the organization is resident in the U.S. and is exempt from income tax under the laws of the U.S.

Capital Gains

A non-resident holder is not subject to tax under the ITA in respect of a capital gain realized upon the disposition of one of our shares unless the share represents “taxable Canadian property” to the holder thereof. Our common shares will be considered taxable Canadian property to a non-resident holder only if-

- (a) the non-resident holder;
- (b) persons with whom the non-resident holder did not deal at arm's length- or
- (c) the non-resident holder and persons with whom he did not deal at arm's length,

owned not less than 25% of the issued shares of any class or series of our Company at any time during the five year period preceding the disposition. In the case of a non-resident holder to whom shares of our Company represent taxable Canadian property and who is resident in the United States, no Canadian taxes will generally be payable on a capital gain realized on such shares by reason of the Treaty unless:

- (a) the value of such shares is derived principally from real property (including resource property) situated in Canada,
- (b) the holder was resident in Canada for 120 months during any period of 20 consecutive years preceding, and at any time during the 10 years immediately preceding, the disposition and the shares were owned by him when he ceased to be a resident of Canada,

- (c) they formed part of the business property or were otherwise effectively connected with a permanent establishment or fixed base that the holder has or had in Canada within the 12 months preceding the disposition, or
- (d) the holder is a U.S. LLC which is not subject to tax in the U.S.

If subject to Canadian tax on such a disposition, the taxpayer's capital gain (or capital loss) from a disposition is the amount by which the taxpayer's proceeds of disposition exceed (or are exceeded by) the aggregate of the taxpayer's adjusted cost base of the shares and reasonable expenses of disposition. For Canadian income tax purposes, the "taxable capital gain" is equal to one-half of the capital gain.

United States Federal Income Taxation

The following is a discussion of the material United States Federal income tax consequences, under current law, applicable to a U.S. Holder (as defined below) of our common shares who holds such shares as capital assets. This discussion does not address all potentially relevant Federal income tax matters and it does not address consequences peculiar to persons subject to special provisions of Federal income tax law, such as those described below as excluded from the definition of a U.S. Holder. In addition, this discussion does not cover any state, local, or foreign tax consequences. (See "Canadian Federal Income Tax Consequences" above.)

The following discussion is based on the Internal Revenue Code of 1986, as amended (the "Code"), Treasury Regulations, published Internal Revenue Service ("IRS") rulings, published administrative positions of the IRS and court decisions that are currently applicable, any or all of which could be materially and adversely changed, possibly on a retroactive basis, at any time. In addition, this discussion does not consider the potential effects, both adverse and beneficial, of any recently proposed legislation which, if enacted, could be applied, possibly on a retroactive basis, at any time.

The discussion below does not address potential tax effects relevant to our Company or those tax considerations that depend upon circumstances specific to each investor. In addition, this discussion does not address the tax consequences that may be relevant to particular investors subject to special treatment under certain U.S. Federal income tax laws, such as dealers in securities, tax-exempt entities, banks, insurance companies and non-U.S. Holders. Purchasers of shares of our common stock should therefore satisfy themselves as to the overall tax consequences of their ownership of our common stock, including the State, local and foreign tax consequences thereof (which are not reviewed herein), and should consult their own tax advisors with respect to their particular circumstances.

U.S. Holders

As used herein, a "U.S. Holder" includes a beneficial holder of common shares of our Company who is a citizen or resident of the United States, a corporation or partnership created or organized in or under the laws of the United States or of any political subdivision thereof, any trust if a US court is able to exercise primary supervision over the administration of the trust and one or more US persons have the authority to control all substantial decisions of the trust, any entity created or organized in the United States which is taxable as a corporation for U.S. tax purposes and any other person or entity whose ownership of common shares of our Company is effectively connected with the conduct of a trade or business in the United States. A U.S. Holder does not include persons subject to special provisions of Federal income tax law, such as tax-exempt organizations, qualified retirement plans, financial institutions, insurance companies, real estate investment trusts, regulated investment companies, broker-dealers, non-resident alien individuals or foreign corporations whose ownership of our common shares is not effectively connected with the conduct of a trade or business in the United States and shareholders who acquired their shares through the exercise of employee stock options or otherwise as compensation.

Dividend Distribution on Shares of our Company

U.S. Holders receiving dividend distributions (including constructive dividends) with respect to the common shares of our Company are required to include in gross income for United States Federal income tax purposes the gross amount of such distributions to the extent that we have current or accumulated earnings and profits, without reduction for any Canadian income tax withheld from such distributions. Such Canadian tax withheld may be deducted or may

be credited against actual tax payable, subject to certain limitations and other complex rules, against the U.S. Holder's United States Federal taxable income. See "Foreign Tax Credit" below. To the extent that distributions exceed our current or accumulated earnings and profits, they will be treated first as a return of capital to the extent of the shareholder's basis in the common shares of our Company and thereafter as gain from the sale or exchange of the common shares of our Company. Preferential tax rates for net long term capital gains may be applicable to a U.S. Holder which is an individual, estate or trust.

In general, dividends paid on our common shares will not be eligible for the dividends received deduction provided to corporations receiving dividends from certain United States corporations.

Foreign Tax Credit

A U.S. Holder who pays (or who has had withheld from distributions) Canadian income tax with respect to the ownership of our common shares may be entitled, at the election of the U.S. Holder, to either a deduction or a tax credit for such foreign tax paid or withheld. This election is made on a year-by-year basis and generally applies to all foreign income taxes paid by (or withheld from) the U.S. Holder during that year. There are significant and complex limitations which apply to the credit, among which is the general limitation that the credit cannot exceed the proportionate share of the U.S. Holder's United States income tax liability that the U.S. Holder's foreign source income bears to his or its world-wide taxable income. In determining the application of this limitation, the various items of income and deduction must be classified into foreign and domestic sources. Complex rules govern income such as "passive income", "high withholding tax interest", "financial services income", "shipping income" and certain other classifications of income. A U.S. Holder who is treated as a domestic U.S. corporation owning 10% or more of our voting stock is also entitled to a deemed paid foreign tax credit in certain circumstances for the underlying foreign tax of our Company related to dividends received or Subpart F income received from us. (See the discussion below of Controlled Foreign Corporations). The availability of the foreign tax credit and the application of the limitations on the foreign tax credit are fact specific and holders and prospective holders of our common shares should consult their own tax advisors regarding their individual circumstances.

Disposition of Common Shares

If a U.S. Holder is holding shares as a capital asset, a gain or loss realized on a sale of our common shares will generally be a capital gain or loss, and will be long-term if the shareholder has a holding period of more than one year. However, gains realized upon sale of our common shares may, under certain circumstances, be treated as ordinary income, if we were determined to be a "collapsible corporation" within the meaning of Code Section 341 based on the facts in existence on the date of the sale (See below for definition of "collapsible corporation"). The amount of gain or loss recognized by a selling U.S. Holder will be measured by the difference between (i) the amount realized on the sale and (ii) his tax basis in our common shares. Capital losses are deductible only to the extent of capital gains. However, in the case of taxpayers other than corporations (U.S.) \$3,000 (\$1,500 for married individuals filing separately) of capital losses are deductible against ordinary income annually. In the case of individuals and other non-corporate taxpayers, capital losses that are not currently deductible may be carried forward to other years. In the case of corporations, capital losses that are not currently deductible are carried back to each of the three years preceding the loss year and forward to each of the five years succeeding the loss year.

A "collapsible corporation" is a corporation that is formed or availed principally to manufacture, construct, produce, or purchase prescribed types or property that the corporation holds for less than three years and that generally would produce ordinary income on its disposition, with a view to the stockholders selling or exchanging their stock and thus realizing gain before the corporation realizes two thirds of the taxable income to be derived from prescribed property. Prescribed property includes: stock in trade and inventory; property held primarily for sale to customers in the ordinary course of business; unrealized receivables or fees, consisting of rights to payment for non-capital assets delivered or to be delivered, or services rendered or to be rendered to the extent not previously included in income, but excluding receivables from selling property that is not prescribed; and property gain on the sale of which is subject to the capital gain/ordinary loss rule. Generally, a shareholder who owns directly or indirectly 5 percent or less of the outstanding stock of the corporation may treat gain on the sale of his shares as capital gain.

Other Considerations for U.S. Holders

In the following circumstances, the above sections of this discussion may not describe the United States Federal income tax consequences resulting from the holding and disposition of common shares of the Registrant.

Foreign Personal Holding Company

If at any time during a taxable year more than 50% of the total combined voting power or the total value of our outstanding shares is owned, actually or constructively, by five or fewer individuals who are citizens or residents of the United States and 60% or more of our gross income for such year was derived from certain passive sources (e.g., from dividends received from its subsidiaries), we would be treated as a “foreign personal holding company.” In that event, U.S. Holders that hold common shares in our capital would be required to include in income for such year their allocable portion of our passive income which would have been treated as a dividend had that passive income actually been distributed.

Foreign Investment Company

If 50% or more of the combined voting power or total value of our outstanding shares are held, actually or constructively, by citizens or residents of the United States, United States domestic partnerships or corporations, or estates or trusts other than foreign estates or trusts (as defined by the Code Section 7701(a)(31)), and we are found to be engaged primarily in the business of investing, reinvesting, or trading in securities, commodities, or any interest therein, it is possible that we might be treated as a “foreign investment company” as defined in Section 1246 of the Code, causing all or part of any gain realized by a U.S. Holder selling or exchanging our common shares to be treated as ordinary income rather than capital gains.

Passive Foreign Investment Company

A U.S. Holder who holds stock in a foreign corporation during any year in which such corporation qualifies as a passive foreign investment company (“PFIC”) is subject to U.S. federal income taxation of that foreign corporation under one of two alternative tax methods at the election of each such U.S. Holder.

Section 1297 of the Code defines a PFIC as a corporation that is not formed in the United States and, for any taxable year, either (i) 75% or more of its gross income is “passive income,” which includes interest, dividends and certain rents and royalties or (ii) the average percentage, by value (or, if the company is a controlled foreign corporation or makes an election, adjusted tax basis), of its assets that produce or are held for the production of “passive income” is 50% or more. For taxable years of U.S. persons beginning after December 31, 1997, and for tax years of foreign corporations ending with or within such tax years, the Taxpayer Relief Act of 1997 provides that publicly traded corporations must apply this test on a fair market value basis only.

As a PFIC, each U.S. Holder must determine under which of the alternative tax methods it wishes to be taxed. Under one method, a U.S. Holder who elects in a timely manner to treat the Registrant as a Qualified Electing Fund (“QEF”), as defined in the Code, (an “Electing U.S. Holder”) will be subject, under Section 1293 of the Code, to current federal income tax for any taxable year in which we qualify as a PFIC on his pro-rata share of our (i) “net capital gain” (the excess of net long-term capital gain over net short-term capital loss), which will be taxed as long-term capital gain to the Electing U.S. Holder and (ii) “ordinary earnings” (the excess of earnings and profits over net capital gain), which will be taxed as ordinary income to the Electing U.S. Holder, in each case, for the U.S. Holder's taxable year in which (or with which) our taxable year ends, regardless of whether such amounts are actually distributed. Such an election, once made shall apply to all subsequent years unless revoked with the consent of the IRS.

A QEF election also allows the Electing U.S. Holder to (i) generally treat any gain realized on the disposition of his common shares (or deemed to be realized on the pledge of his common shares) as capital gain; (ii) treat his share of our net capital gain, if any, as long-term capital gain instead of ordinary income, and (iii) either avoid interest charges resulting from PFIC status altogether (see discussion of interest charge below), or make an annual election, subject to certain limitations, to defer payment of current taxes on his share of our annual realized net capital gain and ordinary earnings subject, however, to an interest charge. If the Electing U.S. Holder is an individual, such an interest charge would be not deductible.

The procedure a U.S. Holder must comply with in making a timely QEF election will depend on whether the year of the election is the first year in the U.S. Holder's holding period in which we are a PFIC. If the U.S. Holder makes a QEF election in such first year, (sometimes referred to as a "Pedigreed QEF Election"), then the U.S. Holder may make the QEF election by simply filing the appropriate documents at the time the U.S. Holder files its tax return for such first year. If, however, we qualified as a PFIC in a prior year, then the U.S. Holder may make an "Unpedigreed QEF Election" by recognizing as an "excess distribution" (i) under the rules of Section 1291 (discussed below), any gain that he would otherwise recognize if the U.S. Holder sold his stock on the qualification date (Deemed Sale Election) or (ii) if we are a controlled foreign corporation ("CFC"), the Holder's pro rata share of the corporation's earnings and profits (Deemed Dividend Election) (But see "Elimination of Overlap Between Subpart F Rules and PFIC Provisions"). The effect of either the deemed sale election or the deemed dividend election is to pay all prior deferred tax, to pay interest on the tax deferral and to be treated thereafter as a Pedigreed QEF as discussed in the prior paragraph. With respect to a situation in which a Pedigreed QEF election is made, if we no longer qualify as a PFIC in a subsequent year, normal Code rules and not the PFIC rules will apply.

If a U.S. Holder has not made a QEF Election at any time (a "Non-electing U.S. Holder"), then special taxation rules under Section 1291 of the Code will apply to (i) gains realized on the disposition (or deemed to be realized by reason of a pledge) of his common shares and (ii) certain "excess distributions", as specially defined, by our Company. An "excess distribution" is any current-year distribution in respect of PFIC stock that represents a rateable portion of the total distributions in respect of the stock during the year that exceed 125 percent of the average amount of distributions in respect of the stock during the three preceding years.

A Non-electing U.S. Holder generally would be required to pro-rate all gains realized on the disposition of his common shares and all excess distributions over the entire holding period for the common shares. All gains or excess distributions allocated to prior years of the U.S. Holder (other than years prior to our first taxable year during such U.S. Holder's holding period and beginning after January, 1987 for which it was a PFIC) would be taxed at the highest tax rate for each such prior year applicable to ordinary income. The Non-electing U.S. Holder also would be liable for interest on the deferred tax liability for each such prior year calculated as if such liability had been due with respect to each such prior year. A Non-electing U.S. Holder that is an individual is not allowed a deduction for interest on the deferred tax liability. The portions of gains and distributions that are not characterized as "excess distributions" are subject to tax in the current year under the normal tax rules of the Internal Revenue Code.

If we are a PFIC for any taxable year during which a Non-electing U.S. Holder holds common shares, then we will continue to be treated as a PFIC with respect to such common Shares, even if our Company is no longer by definition a PFIC. A Non-electing U.S. Holder may terminate this deemed PFIC status by electing to recognize gain (which will be taxed under the rules discussed above for Non-Electing U.S. Holders) as if such common shares had been sold on the last day of the last taxable year for which we were a PFIC.

Under Section 1291(f) of the Code, the Department of the Treasury has issued proposed regulations that would treat as taxable certain transfers of PFIC stock by Non-electing U.S. Holders that are generally not otherwise taxed, such as gifts, exchanges pursuant to corporate reorganizations, and transfers at death. If a U.S. Holder makes a QEF Election that is not a Pedigreed Election (i.e., it is made after the first year during which we are a PFIC and the U.S. Holder holds our shares) (a "Unpedigreed Election"), the QEF rules apply prospectively but do not apply to years prior to the year in which the QEF first becomes effective. U.S. Holders should consult their tax advisors regarding the specific consequences of making a Non-Pedigreed QEF Election.

Certain special, generally adverse, rules will apply with respect to the common shares while we are a PFIC whether or not it is treated as a QEF. For example under Section 1297(b)(6) of the Code (as in effect prior to the Taxpayer Relief Act of 1997), a U.S. Holder who uses PFIC stock as security for a loan (including a margin loan) will, except as may be provided in regulations, be treated as having made a taxable disposition of such stock.

The foregoing discussion is based on currently effective provisions of the Code, existing and proposed regulations thereunder, and current administrative rulings and court decisions, all of which are subject to change. Any such change could affect the validity of this discussion. In addition, the implementation of certain aspects of the PFIC rules requires the issuance of regulations which in many instances have not been promulgated and which may have retroactive effect. There can be no assurance that any of these proposals will be enacted or promulgated, and if so, the form they will take or the effect that they may have on this discussion. Accordingly, and due to the complexity of the PFIC rules, U.S. Holders of our common shares are strongly urged to consult their own tax advisors concerning the impact of

these rules on their investment in our Company. For a discussion of the impact of the Taxpayer Relief Act of 1997 on a U.S. Holder of a PFIC, see “Mark-to-Market Election For PFIC Stock Under the Taxpayer Relief Act of 1997” and “Elimination of Overlap Between Subpart F Rules and PFIC Provisions” below.

Mark-to-Market Election for PFIC Stock Under the Taxpayer Relief Act of 1997

The Taxpayer Relief Act of 1997 provides that a U.S. Holder of a PFIC may make a mark-to-market election with respect to the stock of the PFIC if such stock is marketable as defined below. This provision is designed to provide a current inclusion provision for persons that are Non-Electing Holders. Under the election, any excess of the fair market value of the PFIC stock at the close of the tax year over the Holder's adjusted basis in the stock is included in the Holder's income. The Holder may deduct any excess of the adjusted basis of the PFIC stock over its fair market value at the close of the tax year. However, deductions are limited to the net mark-to-market gains on the stock that the Holder included in income in prior tax years, or so called “unreversed inclusions.” For purposes of the election, PFIC stock is marketable if it is regularly traded on (1) a national securities exchange that is registered with the SEC, (2) the national market system established under Section II A of the Securities Exchange Act of 1934, or (3) an exchange or market that the IRS determines has rules sufficient to ensure that the market price represents legitimate and sound fair market value.

A Holder's adjusted basis of PFIC stock is increased by the income recognized under the mark-to-market election and decreased by the deductions allowed under the election. If a U.S. Holder owns PFIC stock indirectly through a foreign entity, the basis adjustments apply to the basis of the PFIC stock in the hands of the foreign entity for the purpose of applying the PFIC rules to the tax treatment of the U.S. owner. Similar basis adjustments are made to the basis of the property through which the U.S. persons hold the PFIC stock.

Income recognized under the mark-to-market election and gain on the sale of PFIC stock with respect to which an election is made is treated as ordinary income. Deductions allowed under the election and loss on the sale of PFIC with respect to which an election is made, to the extent that the amount of loss does not exceed the net mark-to-market gains previously included, are treated as ordinary losses. The U.S. or foreign source of any income or losses is determined as if the amount were a gain or loss from the sale of stock in the PFIC.

If PFIC stock is owned by a CFC (discussed below), the CFC is treated as a U.S. person that may make the mark-to-market election. Amounts includible in the CFC's income under the election are treated as foreign personal holding company income, and deductions are allocable to foreign personal holding company income.

The above provisions apply to tax years of U.S. persons beginning after December 31, 1997, and to tax years of foreign corporations ending with or within such tax years of U.S. persons.

The rules of Code Section 1291 applicable to nonqualified funds as discussed above generally do not apply to a U.S. Holder for tax years for which a mark-to-market election is in effect. If Code Section 1291 is applied and a mark-to-market election was in effect for any prior tax year, the U.S. Holder's holding period for the PFIC stock is treated as beginning immediately after the last tax year of the election. However, if a taxpayer makes a mark-to-market election for PFIC stock that is a nonqualified fund after the beginning of a taxpayer's holding period for such stock, a coordination rule applies to ensure that the taxpayer does not avoid the interest charge with respect to amounts attributable to periods before the election.

Controlled Foreign Corporation Status

If more than 50% of the voting power of all classes of stock or the total value of the stock of our Company is owned, directly or indirectly, by U.S. Holders, each of whom own after applying rules of attribution 10% or more of the total combined voting power of all classes of stock of our Company, we would be treated as a “controlled foreign corporation” or “CFC” under Subpart F of the Code. This classification would bring into effect many complex results including the required inclusion by such 10% U.S. Holders in income of their pro rata shares of “Subpart F income” (as defined by the Code) of our Company and our earnings invested in “U.S. property” (as defined by Section 956 of the Code). In addition, under Section 1248 of the Code if we are considered a CFC at any time during the five year period ending with the sale or exchange of its stock, gain from the sale or exchange of common shares of our Company by such a 10% U.S. Holder of our common stock at any time during the five year period ending with the sale or exchange is treated as ordinary dividend income to the extent of our earnings and profits attributable to the stock sold

or exchanged. Because of the complexity of Subpart F, and because we may never be a CFC, a more detailed review of these rules is beyond of the scope of this discussion.

Elimination of Overlap Between Subpart F Rules and PFIC Provisions

Under the Taxpayer Relief Act of 1997, a PFIC that is also a CFC will not be treated as a PFIC with respect to certain 10% U.S. Holders. For the exception to apply, (i) the corporation must be a CFC within the meaning of section 957(a) of the Code and (ii) the U.S. Holder must be subject to the current inclusion rules of Subpart F with respect to such corporation (i.e., the U.S. Holder is a “United States Shareholder,” see “Controlled Foreign Corporation,” above). The exception only applies to that portion of a U.S. Holder's holding period beginning after December 31, 1997. For that portion of a United States Holder before January 1, 1998, the ordinary PFIC and QEF rules continue to apply.

As a result of this new provision, if we were ever to become a CFC, U.S. Holders who are currently taxed on their pro rata shares of Subpart F income of a PFIC which is also a CFC will not be subject to the PFIC provisions with respect to the same stock if they have previously made a Pedigreed QEF Election. The PFIC provisions will however continue to apply to U.S. Holders for any periods in which Subpart F does not apply (for example he is no longer a 10% Holder or we are no longer a CFC) and to U.S. Holders that did not make a Pedigreed QEF Election unless the U.S. Holder elects to recognize gain on the PFIC shares held in our Company as if those shares had been sold.

ALL PROSPECTIVE INVESTORS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE SPECIFIC TAX CONSEQUENCES OF PURCHASING THE COMMON SHARES OF OUR COMPANY.

F. Dividends and Paying Agents

Not applicable for annual Reports

G. Statement by Experts

Not applicable for annual Reports

H. Documents on Display

Upon the effectiveness of this filing, we will be subject to the informational requirements of the *Securities Exchange Act of 1934*, as amended, and we will thereafter file reports and other information with the SEC. You may read and copy any of our reports and other information at, and obtain copies upon payment of prescribed fees from, the Public Reference Room maintained by the SEC at 450 Fifth Street, N.W., Room 1024, Washington, DC 20549. In addition, the SEC maintains a web site that contains reports and other information regarding registrants that file electronically with the SEC at [HTTP://www.sec.gov](http://www.sec.gov). The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330.

The documents concerning our Company referred to in this Annual Report may be viewed at our principal executive offices, Suite 750 – 580 Hornby Street, Box 113, Vancouver, British Columbia, Canada V6C 3B6 (Telephone: (604) 602-4935), during normal business hours.

I. Subsidiary Information

See Item 4(C) for the Company's active subsidiaries as at the date of this Annual Report.

Item 11 Quantitative and Qualitative Disclosures About Market Risk

As a Canadian company, our cash balances are kept in U.S. and Canadian funds. Therefore, we may become exposed to some exchange, interest rate and other risks as listed below. We consider the amount of risk to be manageable and do not currently, nor will we likely in the foreseeable future, conduct hedging to reduce our market risks.

- i.) 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.
- ii.) Interest rate risk - The Company's cash earns interest at variable interest rates. While fluctuations in market rates do not have a material impact on the fair value of the Company's cash flows, future cash flows may be affected by interest rate fluctuations. The Company is not significantly exposed to interest rate fluctuations.
- iii.) Credit risk - Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk with respect to its cash and short-term investments.
- iv.) 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.
- v.) Commodity Risk - Mineral prices and marketability fluctuate and any decline in mineral prices may have a negative effect on the Company. Mineral prices, particularly gold and silver prices, have fluctuated widely in recent years. The marketability and price of minerals which may be produced and sold by the Company will be affected by numerous factors beyond the control of the Company. These other factors include delivery uncertainties related to the proximity of its resources to processing facilities and extensive government regulations related to price, taxes, royalties, allowable production land tenure, the import and export of minerals and many other aspects of the mining business.

Item 12 Description of Securities Other than Equity Securities

Not applicable

Item 13 Defaults, Dividend Arrearages and Delinquencies

None

Item 14 Material Modifications to the rights of Security Holders and Use of Proceeds

Not Applicable

Item 15 Controls and Procedures

Not Applicable

Item 16 [RESERVED]

Item 16A Audit Committee Financial Expert

The Company's board of directors has determined that it has two audit committee financial experts serving on its audit committee. Jordan Estra and Federico Villaseñor have been determined to be such audit committee financial experts and are independent, as that term is defined by the Toronto Stock Exchange's listing standards applicable to the Company. The SEC has indicated that the designation of Messrs. Estra and Villaseñor as audit committee financial experts does not make either of them an "expert" for any purpose, impose any duties, obligations or liability on either of them that are greater than those imposed on members of the audit committee and board of directors who do not carry this designation or affect the duties, obligations or liability of any other member of the audit committee or board of directors.

Item 16B Code of Ethics

The Company has not adopted a written code of ethics applicable to officers and directors of the Company. The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operated independently of management and in the best interests of the Company.

Item 16C Principal Accountant Fees and Services

Audit Fees. This category includes the fees for the audit of our financial statements and the quarterly reviews of interim financial statements. This category also includes advice on audit and accounting matters that arose during or as a result of the audit or the review of interim financial statements and services in connection with Securities and Exchange Commission filings.

Audit-Related Fees. This category includes assurance and related services that are reasonably related to the performance of the audit or review of the financial statements that are not reported under Audit Fees, and describes the nature of the services comprising the fees disclosed under this category.

Tax Fees. This category includes the fees for professional services rendered for tax compliance, tax advice and tax planning, and describes the nature of the services comprising the fees disclosed under this category.

All Other Fees. This category includes products and services provided by the principal accountant, other than the services reported under Audit Fees, Audit-Related Fees or Tax Fees.

Our current independent public accountants provided audit and other services during the fiscal year ended April 30, 2017 and April 30, 2018:

	April 30, 2018	April 30, 2017
Audit Fees	111,384	140,812
Audit-Related Fees	20,000	Nil
Tax Fees	Nil	Nil
All Other Fees	Nil	Nil
Total Fees	131,384	140,812

Pre-Approval Policies and Procedures

Our audit committee pre-approves all services provided by our independent auditors. All of the services and fees described under the categories of "Audit Fees", "Audit Related Fees", "Tax Fees" and "All Other Fees" were reviewed and approved by the audit committee before the respective services were rendered. We are not relying upon a waiver pursuant to the provisions of paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X

The audit committee has considered the nature and amount of the fees billed by Davidson & Company LLP, Chartered Professional Accountants, and believes that the provision of the services for activities unrelated to the audit is compatible with maintaining the independence of Davidson & Company LLP, Chartered Professional Accountants.

Item 16D Exemptions from Listing Standards for Audit Committees

Not Applicable

Item 16E Purchase of Equity Securities by the Issuer and Affiliated Purchasers

There have been no purchases of the Company's common shares by the Company or affiliated purchasers during the period covered by this report.

Item 16F Change in Registrant's Certifying Accountant

In May, 2016, our Board of Directors approved the appointment of Davidson & Company LLP, Chartered Professional Accountants, as our independent accountants to audit our financial statements and dismissed Deloitte LLP, Chartered Professional Accountants, as our independent accountants. The appointment of Davidson & Company LLP was approved by the Company's shareholders at the Annual General Meeting held on October 28, 2016.

Item 16G Corporate Governance

Not Applicable

Item 16H Mine Safety Disclosure

Not Applicable

PART III**Item 17 Financial Statements**

Not Applicable

Item 18 Financial Statements

The following financial statements and notes thereto are filed with and incorporated herein as part of this Annual Report as Exhibit F-1:

Audited financial statements of the Company for the year ended April 30, 2018, including consolidated statements of financial position, consolidated statements of operations and comprehensive income, consolidated statements of changes in equity, consolidated statements of cash flows, and notes to the consolidated financial statements.

The Company's Financial Statements are stated in Canadian Dollars and are prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board.

Item 19 Exhibits

Exhibits Required by Form 20-F

**Exhibit
Number****Description****1. Articles of Incorporation**

1.1 Notice of Articles of Starcore International Mines Ltd. dated November 1, 2017.

1.2 Amended Articles of Starcore International Mines Ltd dated October 24, 2017.

1.3 Notice of Change of Directors dated November 1, 2017.

4. Material Contracts

4.1 Arrangement Agreement dated May 29, 2015 between the Company and Cortez Gold.¹

8. List of Subsidiaries

8.1 Subsidiaries of the Company.¹

15. Additional Exhibits

15.1 Consent of Erme Enriquez, CPG, BSc, MSc

F-1 Financial Statements

Notes:

1. Incorporated by reference from the Company's Registration Statement on Form 20-F, as filed with the Securities and Exchange Commission on August 12, 2016.

CERTIFICATIONS

I, Robert Eadie, certify that:

1. I have reviewed this annual report on Form 20-F of Starcore International Mines Ltd.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

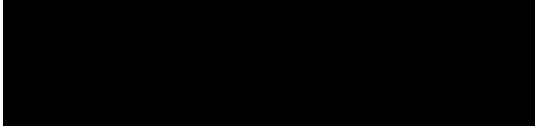
Date: July 30th, 2018
Signature: /s/ Robert Eadie
Title: Chief Executive Officer & President

CERTIFICATIONS

I, Gary Arca, certify that:

1. I have reviewed this annual report on Form 20-F of Starcore International Mines Ltd.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: July 30th, 2018
Signature: /s/ Gary Arca
Title: Chief Financial Officer



Mailing Address:
PO Box 9431 Stn Prov Govt
Victoria BC V8W 9V3
www.corporateonline.gov.bc.ca

Location:
2nd Floor - 940 Blanshard Street
Victoria BC
1 877 526-1526

Notice of Articles

BUSINESS CORPORATIONS ACT

This Notice of Articles was issued by the Registrar on: November 1, 2017 01:46 PM Pacific Time

Incorporation Number: **BC021826**

Recognition Date: *Incorporated on October 17, 1980*

NOTICE OF ARTICLES

Name of Company:

STARCORE INTERNATIONAL MINES LTD.

REGISTERED OFFICE INFORMATION

Mailing Address:

SUITE 750
580 HORNBY STREET
VANCOUVER BC V6C 3B6
CANADA

Delivery Address:

SUITE 750
580 HORNBY STREET
VANCOUVER BC V6C 3B6
CANADA

RECORDS OFFICE INFORMATION

Mailing Address:

SUITE 750
580 HORNBY STREET
VANCOUVER BC V6C 3B6
CANADA

Delivery Address:

SUITE 750
580 HORNBY STREET
VANCOUVER BC V6C 3B6
CANADA

DIRECTOR INFORMATION**Last Name, First Name, Middle Name:**

SUMANIK, KEN

Mailing Address:

6531 DAKOTA DR
RICHMOND BC V7C4X5

Delivery Address:

6531 DAKOTA DR
RICHMOND BC V7C4X5

Last Name, First Name, Middle Name:

EADIE, ROBERT

Mailing Address:

SUITE 750
580 HORNBY STREET
VANCOUVER BC V6C 3B6
CANADA

Delivery Address:

SUITE 750
580 HORNBY STREET
VANCOUVER BC V6C 3B6
CANADA

Last Name, First Name, Middle Name:

Kent, Cory H.

Mailing Address:

1500 ROYAL CENTRE
1055 WEST GEORGIA STREET
P.O. BOX 1117
VANCOUVER BC V6E 4N7
CANADA

Delivery Address:

1500 ROYAL CENTRE
1055 WEST GEORGIA STREET
P.O. BOX 1117
VANCOUVER BC V6E 4N7
CANADA

Last Name, First Name, Middle Name:

Arca, Gary

Mailing Address:

SUITE 750
580 HORNBY STREET
VANCOUVER BC V6C 3B6
CANADA

Delivery Address:

SUITE 750
580 HORNBY STREET
VANCOUVER BC V6C 3B6
CANADA

Last Name, First Name, Middle Name:

ESTRA, JORDAN

Mailing Address:

5888 NORTH OCEAN BLVD
OCEAN RIDGE FL 33435
UNITED STATES

Delivery Address:

5888 NORTH OCEAN BLVD
OCEAN RIDGE FL 33435
UNITED STATES

Last Name, First Name, Middle Name:

VILLASENOR, FEDERICO

Mailing Address:

PANZACOLA 15 COYOACAN
MEXICO, D.F. 04000
MEXICO

Delivery Address:

PANZACOLA 15 COYOACAN
MEXICO, D.F. 04000
MEXICO

Last Name, First Name, Middle Name:

Garcia, Salvador

Mailing Address:

SUITE 750, 580 HORNBY STREET
VANCOUVER BC V6C 3B6
CANADA

Delivery Address:

SUITE 750, 580 HORNBY STREET
VANCOUVER BC V6C 3B6
CANADA

Last Name, First Name, Middle Name:

TANYA, LUTZKE

Mailing Address:

SUITE 750, 580 HORNBY STREET
VANCOUVER BC V6C 3B6
CANADA

Delivery Address:

SUITE 750, 580 HORNBY STREET
VANCOUVER BC V6C 3B6
CANADA

AUTHORIZED SHARE STRUCTURE

1.	No Maximum	common Shares	Without Par Value
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Without Special Rights or
Restrictions attached

ARTICLES
OF
STARCORE INTERNATIONAL
MINES LTD.

Incorporation Number: BC0218266
(the "Company")

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**ARTICLES
OF
STARCORE INTERNATIONAL VENTURES LTD.**

PART 1 - INTERPRETATION

1.1 Definitions

In these Articles, unless the context otherwise requires:

- (1) “board of directors”, “directors” and “board” mean the directors or sole director of the Company for the time being;
- (2) “*Business Corporations Act*” means the *Business Corporations Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;
- (3) “legal personal representative” means the personal or other legal representative of the shareholder;
- (4) “Notice of Articles” means the notice of articles for the Company contained in the Company’s transition application, as amended from time to time;
- (5) “registered address” of a shareholder means the shareholder’s address as recorded in the central securities register;
- (6) “seal” means the seal of the Company, if any.

1.2 *Business Corporations Act and Interpretation Act Definitions Applicable*

The definitions in the *Business Corporations Act* and the definitions and rules of construction in the *Interpretation Act* (British Columbia), with the necessary changes, so far as applicable, and unless the context requires otherwise, apply to these Articles as if they were an enactment. If there is a conflict between a definition in the *Business Corporations Act* and a definition or rule in the *Interpretation Act* (British Columbia) relating to a term used in these Articles, the definition in the *Business Corporations Act* will prevail in relation to the use of the term in these Articles. If there is a conflict between these Articles and the *Business Corporations Act*, the *Business Corporations Act* will prevail.

PART 2 - SHARES AND SHARE CERTIFICATES

2.1 Authorized Share Structure

The authorized share structure of the Company consists of shares of the class or classes and series, if any, described in the Notice of Articles of the Company as the same may be amended from time to time.

2.2 Form of Share Certificate

Each share certificate issued by the Company must comply with, and be signed as required by, the *Business Corporations Act*.

2.3 Shareholder Entitled to Certificate, Acknowledgment or Written Consent

Unless the shares of which the shareholder is the registered owner are uncertificated shares, Each shareholder is entitled, without charge, to (a) one share certificate representing the shares of each class or series of shares registered in the shareholder's name or (b) a non-transferable written acknowledgment of the shareholder's right to obtain such a share certificate, provided that in respect of a share held jointly by several persons, the Company is not bound to issue more than one share certificate or one written acknowledgement and delivery of a share certificate or one written acknowledgment for a share to one of several joint shareholders or to one of the shareholders' duly authorized agents will be sufficient delivery to all. If a shareholder is the registered owner of uncertificated shares, the Company must send to a holder of an uncertificated share a written notice containing the information required by the Act within a reasonable time after the issue or transfer of such share.

2.4 Delivery by Mail

Any share certificate or non-transferable written acknowledgment of a shareholder's right to obtain a share certificate, or written notice of the issue or transfer of an uncertificated share, may be sent to the shareholder by mail at the shareholder's registered address and neither the Company nor any director, officer or agent of the Company is liable for any loss to the shareholder because the share certificate, acknowledgement or written notice is lost in the mail or stolen.

2.5 Replacement of Worn Out or Defaced Certificate or Acknowledgement

If the directors are satisfied that a share certificate or a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate is worn out or defaced, they must, on production to them of the share certificate or acknowledgment, as the case may be, and on such other terms, if any, as they think fit:

- (1) order the share certificate or acknowledgment, as the case may be, to be cancelled; and
- (2) issue a replacement share certificate or acknowledgment, as the case may be.

2.6 Replacement of Lost, Stolen or Destroyed Certificate or Acknowledgment

If a share certificate or a non-transferable written acknowledgment of a shareholder's right to obtain a share certificate is lost, stolen or destroyed, a replacement share certificate or acknowledgment, as the case may be, must be issued to the person entitled to that share certificate or acknowledgment, as the case may be, if the directors receive:

- (1) proof satisfactory to them that the share certificate or acknowledgment is lost, stolen or destroyed; and
- (2) any indemnity the directors consider adequate.

2.7 Splitting Share Certificates

If a shareholder surrenders a share certificate to the Company with a written request that the Company issue in the shareholder's name two or more share certificates, each representing a specified number of shares and in the aggregate representing the same number of shares as the share certificate so surrendered, the Company must cancel the surrendered share certificate and issue replacement share certificates in accordance with that request.

2.8 Certificate Fee

There must be paid to the Company, in relation to the issue of any share certificate under Articles 2.5, 2.6 or 2.7, the amount determined by the directors, if any, which must not exceed the amount prescribed under the *Business Corporations Act*. Recognition of Trusts

2.9 Recognition of Trusts

Except as required by law or statute or these Articles, no person will be recognized by the Company as holding any share upon any trust, and the Company is not bound by or compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share or fraction of a share or (except as by law or statute or these Articles provided or as ordered by a court of competent jurisdiction) any other rights in respect of any share except an absolute right to the entirety thereof in the shareholder.

PART 3 - ISSUE OF SHARES

3.1 Directors Authorized

Subject to the *Business Corporations Act* and the rights of the holders of issued shares of the Company, the Company may issue, allot, sell or otherwise dispose of the unissued shares, and issued shares held by the Company, at the times, to the persons, including directors, in the manner, on the terms and conditions and for the issue prices (including any premium at which shares with par value may be issued) that the directors may determine. The issue price for a share with par value must be equal to or greater than the par value of the share, if any.

3.2 Commissions and Discounts

The Company may at any time, pay a reasonable commission or allow a reasonable discount to any person in consideration of that person purchasing or agreeing to purchase shares of the Company from the Company or any other person or procuring or agreeing to procure purchasers for shares of the Company.

3.3 Brokerage

The Company may pay such brokerage fee or other consideration as may be lawful for or in connection with the sale or placement of its securities.

3.4 Conditions of Issue

Except as provided for by the *Business Corporations Act*, no share may be issued until it is fully paid. A share is fully paid when:

- (1) consideration is provided to the Company for the issue of the share by one or more of the following:
 - (a) past services performed for the Company;
 - (b) property; or
 - (c) money; and
- (2) the value of the consideration received by the Company equals or exceeds the issue price set for the share under Article 3.1.

3.5 Share Purchase Warrants and Rights

Subject to the *Business Corporations Act*, the Company may issue share purchase warrants, options and rights upon such terms and conditions as the directors determine, which share purchase warrants, options and rights

may be issued alone or in conjunction with debentures, debenture stock, bonds, shares or any other securities issued or created by the Company from time to time.

PART 4 - SHARE REGISTERS

4.1 Central Securities Register

As required by and subject to the *Business Corporations Act*, the Company must maintain in British Columbia a central securities register. The directors may, subject to the *Business Corporations Act*, appoint an agent to maintain the central securities register. The directors may also appoint one or more agents, including the agent which keeps the central securities register, as transfer agent for its shares or any class or series of its shares, as the case may be, and the same or another agent as registrar for its shares or such class or series of its shares, as the case may be. The directors may terminate such appointment of any agent at any time and may appoint another agent in its place.

4.2 Closing Register

The Company must not at any time close its central securities register.

PART 5 - SHARE TRANSFERS

5.1 Registering Transfers

A transfer of a share of the Company must not be registered unless:

- (1) a duly signed instrument of transfer in respect of the share has been received by the Company;
- (2) if a share certificate has been issued by the Company in respect of the share to be transferred, that share certificate has been surrendered to the Company; and
- (3) if a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate has been issued by the Company in respect of the share to be transferred, that acknowledgment has been surrendered to the Company.

5.2 Form of Instrument of Transfer

The instrument of transfer in respect of any share of the Company must be either in the form, if any, on the back of the Company's share certificates or in any other form that may be approved by the directors from time to time.

5.3 Transferor Remains Shareholder

Except to the extent that the *Business Corporations Act* otherwise provides, the transferor of shares is deemed to remain the holder of the shares until the name of the transferee is entered in a securities register of the Company in respect of the transfer.

5.4 Signing of Instrument of Transfer

If a shareholder, or his or her duly authorized attorney, signs an instrument of transfer in respect of shares registered in the name of the shareholder, the signed instrument of transfer constitutes a complete and sufficient authority to the Company and its directors, officers and agents to register the number of shares specified in the instrument of transfer or specified in any other manner, or, if no number is specified, all the shares represented

by the share certificates or set out in the written acknowledgments deposited with the instrument of transfer, or if the shares are uncertificated shares, then all of the shares registered in the name of the shareholder on the central securities register:

- (1) in the name of the person named as transferee in that instrument of transfer; or
- (2) if no person is named as transferee in that instrument of transfer, in the name of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered.

5.5 Enquiry as to Title Not Required

Neither the Company nor any director, officer or agent of the Company is bound to inquire into the title of the person named in the instrument of transfer as transferee or, if no person is named as transferee in the instrument of transfer, of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered or is liable for any claim related to registering the transfer by the shareholder or by any intermediate owner or holder of the shares, of any interest in the shares, of any share certificate representing such shares or of any written acknowledgment of a right to obtain a share certificate for such shares.

5.6 Transfer Fee

There must be paid to the Company, in relation to the registration of any transfer, the amount, if any, determined by the directors.

PART 6 - TRANSMISSION OF SHARES

6.1 Legal Personal Representative Recognized on Death

In case of the death of a shareholder, the legal personal representative, or if the shareholder was a joint holder, the surviving joint holder, will be the only person recognized by the Company as having any title to the shareholder's interest in the shares. Before recognizing a person as a legal personal representative, the directors may require proof of appointment by a court of competent jurisdiction, a grant of letters probate, letters of administration or such other evidence or documents as the directors consider appropriate.

6.2 Rights of Legal Personal Representative

The legal personal representative has the same rights, privileges and obligations that attach to the shares held by the shareholder, including the right to transfer the shares in accordance with these Articles, provided the documents required by the *Business Corporations Act* and the directors have been deposited with the Company.

PART 7 - PURCHASE OF SHARES

7.1 Company Authorized to Purchase Shares

Subject to Article 7.2, the special rights and restrictions attached to the shares of any class or series and the *Business Corporations Act*, the Company may, if authorized by the directors, purchase or otherwise acquire any of its shares at the price and upon the terms specified in such resolution.

7.2 Purchase When Insolvent

The Company must not make a payment or provide any other consideration to purchase or otherwise acquire any of its shares if there are reasonable grounds for believing that:

- (1) the Company is insolvent; or
- (2) making the payment or providing the consideration would render the Company insolvent.

7.3 Sale and Voting of Purchased Shares

If the Company retains a share redeemed, purchased or otherwise acquired by it, the Company may sell, gift or otherwise dispose of the share, but, while such share is held by the Company, it:

- (1) is not entitled to vote the share at a meeting of its shareholders;
- (2) must not pay a dividend in respect of the share; and
- (3) must not make any other distribution in respect of the share.

PART 8 - BORROWING POWERS

8.1 Company Authorized to Borrow

The Company, if authorized by the directors, may:

- (1) borrow money in the manner and amount, on the security, from the sources and on the terms and conditions that they consider appropriate;
- (2) issue bonds, debentures and other debt obligations either outright or as security for any liability or obligation of the Company or any other person and at such discounts or premiums and on such other terms as they consider appropriate;
- (3) guarantee the repayment of money by any other person or the performance of any obligation of any other person; and
- (4) mortgage, charge, whether by way of specific or floating charge, grant a security interest in, or give other security on, the whole or any part of the present and future assets and undertaking of the Company.

PART 9 - ALTERATIONS

9.1 Alteration of Authorized Share Structure

Subject to Article 9.2, the *Business Corporations Act*, and any regulatory or stock exchange requirements applicable to the Company, the Company may by directors' resolution:

- (1) create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares;
- (2) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue out of any class or series of shares or establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established;
- (3) subdivide or consolidate all or any of its unissued, or fully paid issued, shares;
- (4) if the Company is authorized to issue shares of a class of shares with par value:

- (a) decrease the par value of those shares; or
 - (b) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;
- (5) change all or any of its unissued, or fully paid issued, shares with par value into shares without par value or any of its unissued shares without par value into shares with par value;
- (6) alter the identifying name of any of its shares; or
- (7) otherwise alter its shares or authorized share structure when required or permitted to do so by the *Business Corporations Act*.

9.2 Special Rights and Restrictions

Subject to the *Business Corporations Act* and any regulatory or stock exchange requirements applicable to the Company, the Company may by directors' resolution:

- (1) create special rights or restrictions for, and attach those special rights or restrictions to, the shares of any class or series of shares, whether or not any or all of those shares have been issued; or
- (2) vary or delete any special rights or restrictions attached to the shares of any class or series of shares, whether or not any or all of those shares have been issued.

9.3 Change of Name

The Company may by directors' resolution authorize an alteration of its Notice of Articles in order to change its name subject to any other regulatory or stock exchange requirements applicable to the Company.

9.4 Other Alterations

If the *Business Corporations Act* does not specify the type of resolution and these Articles do not specify another type of resolution, the Company may by directors' resolution alter these Articles subject to any other regulatory or stock exchange requirements applicable to the Company.

PART 10 - MEETINGS OF SHAREHOLDERS

10.1 Annual General Meetings

Unless an annual general meeting is deferred or waived in accordance with the *Business Corporations Act*, the Company must hold its first annual general meeting within 18 months after the date on which it was incorporated or otherwise recognized, and after that must hold an annual general meeting at least once in each calendar year and not more than 15 months after the last annual reference date at such time and place as may be determined by the directors.

10.2 Resolution Instead of Annual General Meeting

If all the shareholders who are entitled to vote at an annual general meeting consent by a unanimous resolution under the *Business Corporations Act* to all of the business that is required to be transacted at that annual general meeting, the annual general meeting is deemed to have been held on the date of the unanimous resolution. The shareholders must, in any unanimous resolution passed under this Article 10.2, select as the Company's annual reference date a date that would be appropriate for the holding of the applicable annual general meeting.

10.3 Calling of Meetings of Shareholders

The directors may, whenever they think fit, call a meeting of shareholders.

10.4 Notice for Meetings of Shareholders

The Company must send notice of the date, time and location of any meeting of shareholders, in the manner provided in these Articles, or in such other manner, if any, as may be prescribed by ordinary resolution (whether previous notice of the resolution has been given or not), to each shareholder entitled to attend the meeting, to each director and to the auditor of the Company, unless these Articles otherwise provide, at least the following number of days before the meeting:

- (1) if and for so long as the Company is a public company, 21 days;
- (2) otherwise, 10 days.

10.5 Record Date for Notice

The directors may set a date as the record date for the purpose of determining shareholders entitled to notice of any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the *Business Corporations Act*, by more than four months. The record date must not precede the date on which the meeting is held by fewer than:

- (1) if and for so long as the Company is a public company, 21 days;
- (2) otherwise, 10 days.

If no record date is set, the record date is 5 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

10.6 Record Date for Voting

The directors may set a date as the record date for the purpose of determining shareholders entitled to vote at any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the *Business Corporations Act*, by more than four months. If no record date is set, the record date is 5 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

10.7 Failure to Give Notice and Waiver of Notice

The accidental omission to send notice of any meeting to, or the non-receipt of any notice by, any of the persons entitled to notice does not invalidate any proceedings at that meeting. Any person entitled to notice of a meeting of shareholders may, in writing or otherwise, waive or reduce the period of notice of such meeting.

10.8 Notice of Special Business at Meetings of Shareholders

If a meeting of shareholders is to consider special business within the meaning of Article 11.1, the notice of meeting must:

- (1) state the general nature of the special business; and

- (2) if the special business includes considering, approving, ratifying, adopting or authorizing any document or the signing of or giving of effect to any document, have attached to it a copy of the document or state that a copy of the document will be available for inspection by shareholders:
 - (a) at the Company's records office, or at such other reasonably accessible location in British Columbia as is specified in the notice; and
 - (b) during statutory business hours on any one or more specified days before the day set for the holding of the meeting.

PART 11 - PROCEEDINGS AT MEETINGS OF SHAREHOLDERS

11.1 Special Business

At a meeting of shareholders, the following business is special business:

- (1) at a meeting of shareholders that is not an annual general meeting, all business is special business except business relating to the conduct of or voting at the meeting;
- (2) at an annual general meeting, all business is special business except for the following:
 - (a) business relating to the conduct of or voting at the meeting;
 - (b) consideration of any financial statements of the Company presented to the meeting;
 - (c) consideration of any reports of the directors or auditor;
 - (d) the setting or changing of the number of directors;
 - (e) the election or appointment of directors;
 - (f) the appointment of an auditor;
 - (g) the setting of the remuneration of an auditor;
 - (h) business arising out of a report of the directors not requiring the passing of a special resolution or an exceptional resolution;
 - (i) any other business which, under these Articles or the *Business Corporations Act*, may be transacted at a meeting of shareholders without prior notice of the business being given to the shareholders.

11.2 Special Majority

The majority of votes required for the Company to pass a special resolution at a meeting of shareholders is two-thirds ($\frac{2}{3}$) of the votes cast on the resolution.

11.3 Quorum

Subject to the special rights and restrictions attached to the shares of any class or series of shares, the quorum for the transaction of business at a meeting of shareholders is one person who is, or who represents by proxy, one or more shareholders who, in the aggregate, hold at least 5% of the issued shares entitled to be voted at the meeting.

11.4 One Shareholder May Constitute Quorum

If there is only one shareholder entitled to vote at a meeting of shareholders:

- (1) the quorum is one person who is, or who represents by proxy, that shareholder; and
- (2) that shareholder, present in person or by proxy, may constitute the meeting.

11.5 Other Persons May Attend

The directors, the chief executive officer (if any), the president (if any), the chief financial officer (if any), the secretary (if any), the assistant secretary (if any), any lawyer for the Company, the auditor of the Company and any other persons invited by the directors are entitled to attend any meeting of shareholders, but if any of those persons does attend a meeting of shareholders, that person is not to be counted in the quorum and is not entitled to vote at the meeting unless that person is a shareholder or proxy holder entitled to vote at the meeting.

11.6 Requirement of Quorum

No business, other than the election of a chair of the meeting and the adjournment of the meeting, may be transacted at any meeting of shareholders unless a quorum of shareholders entitled to vote is present at the commencement of the meeting, but such quorum need not be present throughout the meeting.

11.7 Lack of Quorum

If, within one-half hour from the time set for the holding of a meeting of shareholders, a quorum is not present:

- (1) in the case of a general meeting requisitioned by shareholders, the meeting is dissolved; and
- (2) in the case of any other meeting of shareholders, the meeting stands adjourned to the same day in the next week at the same time and place.

11.8 Lack of Quorum at Succeeding Meeting

If, at the meeting to which the meeting referred to in Article 11.7(2) was adjourned, a quorum is not present within one-half hour from the time set for the holding of the meeting, the person or persons present and being, or representing by proxy, one or more shareholders entitled to attend and vote at the meeting constitute a quorum.

11.9 Chair

The following individual is entitled to preside as chair at a meeting of shareholders:

- (1) the chair of the board, if any; or
- (2) if the chair of the board is absent or unwilling to act as chair of the meeting, the president, if any.

11.10 Selection of Alternate Chair

If, at any meeting of shareholders, there is no chair of the board or president present within 15 minutes after the time set for holding the meeting, or if the chair of the board and the president are unwilling to act as chair of the meeting, or if the chair of the board and the president have advised the secretary, if any, or any director present at the meeting, that they will not be present at the meeting, the directors present must choose one of their number or the Company's solicitor to be chair of the meeting failing which the shareholders entitled to vote at

the meeting who are present in person or by proxy may choose any person present at the meeting to chair the meeting.

11.11 Adjournments

The chair of a meeting of shareholders may, and if so directed by the meeting must, adjourn the meeting from time to time and from place to place, but no business may be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

11.12 Notice of Adjourned Meeting

It is not necessary to give any notice of an adjourned meeting or of the business to be transacted at an adjourned meeting of shareholders except that, when a meeting is adjourned for 30 days or more, notice of the adjourned meeting must be given as in the case of the original meeting.

11.13 Decisions by Show of Hands or Poll

Subject to the *Business Corporations Act*, every motion put to a vote at a meeting of shareholders will be decided on a show of hands unless a poll, before or on the declaration of the result of the vote by show of hands, is directed by the chair or demanded by at least one shareholder entitled to vote who is present in person or by proxy.

11.14 Declaration of Result

The chair of a meeting of shareholders must declare to the meeting the decision on every question in accordance with the result of the show of hands or the poll, as the case may be, and that decision must be entered in the minutes of the meeting. A declaration of the chair that a resolution is carried by the necessary majority or is defeated is, unless a poll is directed by the chair or demanded under Article 11.13, conclusive evidence without proof of the number or proportion of the votes recorded in favour of or against the resolution.

11.15 Motion Need Not be Seconded

No motion proposed at a meeting of shareholders need be seconded unless the chair of the meeting rules otherwise, and the chair of any meeting of shareholders is entitled to propose or second a motion.

11.16 Casting Vote

In case of an equality of votes, the chair of a meeting of shareholders does not, either on a show of hands or on a poll, have a second or casting vote in addition to the vote or votes to which the chair may be entitled as a shareholder.

11.17 Manner of Taking Poll

Subject to Article 11.18, if a poll is duly demanded at a meeting of shareholders:

- (1) the poll must be taken:
 - (a) at the meeting, or within seven days after the date of the meeting, as the chair of the meeting directs; and
 - (b) in the manner, at the time and at the place that the chair of the meeting directs;
- (2) the result of the poll is deemed to be the decision of the meeting at which the poll is demanded; and

(3) the demand for the poll may be withdrawn by the person who demanded it.

11.18 Demand for Poll on Adjournment

A poll demanded at a meeting of shareholders on a question of adjournment must be taken immediately at the meeting.

11.19 Chair Must Resolve Dispute

In the case of any dispute as to the admission or rejection of a vote given on a poll, the chair of the meeting must determine the dispute, and his or her determination made in good faith is final and conclusive.

11.20 Casting of Votes

On a poll, a shareholder entitled to more than one vote need not cast all the votes in the same way.

11.21 Demand for Poll

No poll may be demanded in respect of the vote by which a chair of a meeting of shareholders is elected.

11.22 Demand for Poll Not to Prevent Continuance of Meeting

The demand for a poll at a meeting of shareholders does not, unless the chair of the meeting so rules, prevent the continuation of a meeting for the transaction of any business other than the question on which a poll has been demanded.

11.23 Retention of Ballots and Proxies

The Company must, for at least three months after a meeting of shareholders, keep each ballot cast on a poll and each proxy voted at the meeting, and, during that period, make them available for inspection during normal business hours by any shareholder or proxyholder entitled to vote at the meeting. At the end of such three month period, the Company may destroy such ballots and proxies.

PART 12 - VOTES OF SHAREHOLDERS

12.1 Number of Votes by Shareholder or by Shares

Subject to any special rights or restrictions attached to any shares and to the restrictions imposed on joint shareholders under Article 12.3:

- (1) on a vote by show of hands, every person present who is a shareholder or proxy holder and entitled to vote on the matter has one vote; and
- (2) on a poll, every shareholder entitled to vote on the matter has one vote in respect of each share entitled to be voted on the matter and held by that shareholder and may exercise that vote either in person or by proxy.

12.2 Votes of Persons in Representative Capacity

A person who is not a shareholder may vote at a meeting of shareholders, whether on a show of hands or on a poll, and may appoint a proxy holder to act at the meeting, if, before doing so, the person satisfies the chair of the meeting, or the directors, that the person is a legal personal representative or a trustee in bankruptcy for a shareholder who is entitled to vote at the meeting.

12.3 Votes by Joint Holders

If there are joint shareholders registered in respect of any share:

- (1) any one of the joint shareholders may vote at any meeting, either personally or by proxy, in respect of the share as if that joint shareholder were solely entitled to it; or
- (2) if more than one of the joint shareholders is present at any meeting, personally or by proxy, and more than one of them votes in respect of that share, then only the vote of the joint shareholder present whose name stands first on the central securities register in respect of the share will be counted.

12.4 Legal Personal Representatives as Joint Shareholders

Two or more legal personal representatives of a shareholder in whose sole name any share is registered are, for the purposes of Article 12.3, deemed to be joint shareholders.

12.5 Representative of a Corporate Shareholder

If a corporation, that is not a subsidiary of the Company, is a shareholder, that corporation may appoint a person to act as its representative at any meeting of shareholders of the Company, and:

- (1) for that purpose, the instrument appointing a representative must:
 - (a) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice for the receipt of proxies, or if no number of days is specified, two business days before the day set for the holding of the meeting; or
 - (b) be provided, at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting;
- (2) if a representative is appointed under this Article 12.5:
 - (a) the representative is entitled to exercise in respect of and at that meeting the same rights on behalf of the corporation that the representative represents as that corporation could exercise if it were a shareholder who is an individual, including, without limitation, the right to appoint a proxy holder; and
 - (b) the representative, if present at the meeting, is to be counted for the purpose of forming a quorum and is deemed to be a shareholder present in person at the meeting.

Evidence of the appointment of any such representative may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

12.6 Proxy Provisions Do Not Apply to All Companies

Articles 12.7 to 12.15 do not apply to the Company if and for so long as it is a public company or a pre-existing reporting company which has the Statutory Reporting Company Provisions (as defined in section 1(1) of the *Business Corporations Act*) as part of its Articles or to which the Statutory Reporting Company Provisions apply.

12.7 Appointment of Proxy Holders

Every shareholder of the Company, including a corporation that is a shareholder but not a subsidiary of the Company, entitled to vote at a meeting of shareholders of the Company may, by proxy, appoint one or more (but not more than five) proxy holders to attend and act at the meeting in the manner, to the extent and with the powers conferred by the proxy.

12.8 Alternate Proxy Holders

A shareholder may appoint one or more alternate proxy holders to act in the place of an absent proxy holder.

12.9 Proxy Holder Need Not Be Shareholder

A person appointed as a proxy holder need not be a shareholder.

12.10 Deposit of Proxy

A proxy for a meeting of shareholders must:

- (1) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice, or if no number of days is specified, two business days before the day set for the holding of the meeting; or
- (2) unless the notice provides otherwise, be provided, at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting.

A proxy may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

12.11 Validity of Proxy Vote

A vote given in accordance with the terms of a proxy is valid notwithstanding the death or incapacity of the shareholder giving the proxy and despite the revocation of the proxy or the revocation of the authority under which the proxy is given, unless notice in writing of that death, incapacity or revocation is received:

- (1) at the registered office of the Company, at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used; or
- (2) by the chair of the meeting, before the vote is taken.

12.12 Form of Proxy

A proxy, whether for a specified meeting or otherwise, must be either in the following form or in any other form approved by the directors or the chair of the meeting:

[name of company]
(the "Company")

The undersigned, being a shareholder of the Company, hereby appoints *[name]* or, failing that person, *[name]*, as proxy holder for the undersigned to attend, act and vote for and on behalf of the undersigned at the meeting of shareholders of the Company to be held on *[month, day, year]* and at any adjournment of that meeting.

Number of shares in respect of which this proxy is given (if no number is specified, then this proxy is given in respect of all shares registered in the name of the shareholder): _____

Signed [month, day, year]

[Signature of shareholder]

[Name of shareholder—printed]

12.13 Revocation of Proxy

Subject to Article 12.14, every proxy may be revoked by an instrument in writing that is:

- (1) received at the registered office of the Company at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used; or
- (2) provided, at the meeting, to the chair of the meeting.

12.14 Revocation of Proxy Must Be Signed

An instrument referred to in Article 12.13 must be signed as follows:

- (1) if the shareholder for whom the proxy holder is appointed is an individual, the instrument must be signed by the shareholder or his or her legal personal representative or trustee in bankruptcy; or
- (2) if the shareholder for whom the proxy holder is appointed is a corporation, the instrument must be signed by the corporation or by a representative appointed for the corporation under Article 12.5.

12.15 Production of Evidence of Authority to Vote

The chair of any meeting of shareholders may, but need not, inquire into the authority of any person to vote at the meeting and may, but need not, demand from that person production of evidence as to the existence of the authority to vote.

PART 13 - DIRECTORS

13.1 First Directors; Number of Directors

The first directors are the persons designated as directors of the Company in the Notice of Articles that applies to the Company when it is recognized under the *Business Corporations Act*. There is no requirement for the directors or shareholders to fix or set the number of directors from time to time. If the Company is a public company, the Company shall have at least three directors. If the Company is not a public company, the Company shall have at least one director.

13.2 Change in Number of Directors

If the number of directors is at any time fixed or set hereunder:

- (1) the shareholders may elect or appoint the directors needed to fill any vacancies in the board of directors up to that number; or
- (2) if the shareholders do not elect or appoint the directors needed to fill any vacancies in the board of directors up to that number contemporaneously with the setting of that number, then the directors may appoint, or the shareholders may elect or appoint, directors to fill those vacancies.

13.3 Directors' Acts Valid Despite Vacancy

An act or proceeding of the directors is not invalid merely because fewer than the number of directors set or otherwise required under these Articles is in office.

13.4 Qualifications of Directors

A director is not required to hold a share in the capital of the Company as qualification for his or her office but must be qualified as required by the *Business Corporations Act* to become, act or continue to act as a director.

13.5 Remuneration of Directors

The directors are entitled to the remuneration for acting as directors, if any, as the directors may from time to time determine. If the directors so decide, their remuneration, if any, may be determined by the shareholders. That remuneration may be in addition to any salary or other remuneration paid to any officer or employee of the Company as such, who is also a director.

13.6 Reimbursement of Expenses of Directors

The Company must reimburse each director for the reasonable expenses that he or she may incur in and about the business of the Company.

13.7 Special Remuneration for Directors

If any director performs any professional or other services for the Company that in the opinion of the directors are outside the ordinary duties of a director, or if any director is otherwise specially occupied in or about the Company's business, he or she may be paid remuneration fixed by the directors, or, at the option of that director, fixed by ordinary resolution, and such remuneration may be either in addition to, or in substitution for, any other remuneration that he or she may be entitled to receive.

13.8 Gratuity, Pension or Allowance on Retirement of Director

Unless otherwise determined by ordinary resolution, the directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any director who has held any salaried office or place of profit with the Company or to his or her spouse or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

PART 14 - ELECTION AND REMOVAL OF DIRECTORS

14.1 Election at Annual General Meeting

At every annual general meeting and in every unanimous resolution contemplated by Article 10.2:

- (1) the shareholders entitled to vote at the annual general meeting for the election of directors must elect, or in the unanimous resolution appoint, a board of directors consisting of the number of directors for the time being set under these Articles; and
- (2) all the directors cease to hold office immediately before the election or appointment of directors under paragraph (1), but are eligible for re-election or re-appointment.

14.2 Consent to be a Director

No election, appointment or designation of an individual as a director is valid unless:

- (1) that individual consents to be a director in the manner provided for in the *Business Corporations Act*;
- (2) that individual is elected or appointed at a meeting at which the individual is present and the individual does not refuse, at the meeting, to be a director; or
- (3) with respect to first directors, the designation is otherwise valid under the *Business Corporations Act*.

14.3 Failure to Elect or Appoint Directors

If:

- (1) the Company fails to hold an annual general meeting, and all the shareholders who are entitled to vote at an annual general meeting fail to pass the unanimous resolution contemplated by Article 10.2, on or before the date by which the annual general meeting is required to be held under the *Business Corporations Act*; or
- (2) the shareholders fail, at the annual general meeting or in the unanimous resolution contemplated by Article 10.2, to elect or appoint any directors;

then each director then in office continues to hold office until the earlier of:

- (3) the date on which his or her successor is elected or appointed; and
- (4) the date on which he or she otherwise ceases to hold office under the *Business Corporations Act* or these Articles.

14.4 Places of Retiring Directors Not Filled

If, at any meeting of shareholders at which there should be an election of directors, the places of any of the retiring directors are not filled by that election, those retiring directors who are not re-elected and who are asked by the newly elected directors to continue in office will, if willing to do so, continue in office to complete the number of directors for the time being set pursuant to these Articles until further new directors are elected at a meeting of shareholders convened for that purpose. If any such election or continuance of directors does not result in the election or continuance of the number of directors for the time being set pursuant to these Articles, the number of directors of the Company is deemed to be set at the number of directors actually elected or continued in office.

14.5 Directors May Fill Casual Vacancies

Any casual vacancy occurring in the board of directors may be filled by the directors.

14.6 Remaining Directors Power to Act

The directors may act notwithstanding any vacancy in the board of directors, but if the Company has fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the directors may only act for the purpose of appointing directors up to that number or of summoning a meeting of shareholders for the purpose of filling any vacancies on the board of directors or, subject to the *Business Corporations Act*, for any other purpose.

14.7 Shareholders May Fill Vacancies

If the Company has no directors or fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the shareholders may elect or appoint directors to fill any vacancies on the board of directors.

14.8 Additional Directors

Notwithstanding Articles 13.1 and 13.2, between annual general meetings or unanimous resolutions contemplated by Article 10.2, the directors may appoint one or more additional directors, but the number of additional directors appointed under this Article 14.8 must not at any time exceed:

- (1) one-third of the number of first directors, if, at the time of the appointments, one or more of the first directors have not yet completed their first term of office; or
- (2) in any other case, one-third of the number of the current directors who were elected or appointed as directors other than under this Article 14.8.

Any director so appointed ceases to hold office immediately before the next election or appointment of directors under Article 14.1(1), but is eligible for re-election or re-appointment.

14.9 Ceasing to be a Director

A director ceases to be a director when:

- (1) the term of office of the director expires;
- (2) the director dies;
- (3) the director resigns as a director by notice in writing provided to the Company or a lawyer for the Company; or
- (4) the director is removed from office pursuant to Articles 14.10 or 14.11.

14.10 Removal of Director by Shareholders

The Company may remove any director before the expiration of his or her term of office by special resolution. In that event, the shareholders may elect, or appoint by ordinary resolution, a director to fill the resulting vacancy. If the shareholders do not elect or appoint a director to fill the resulting vacancy contemporaneously with the removal, then the directors may appoint or the shareholders may elect, or appoint by ordinary resolution, a director to fill that vacancy.

14.11 Removal of Director by Directors

The directors may remove any director before the expiration of his or her term of office if:

- (1) such director is convicted of an indictable offence;
- (2) such director ceases to be qualified to act as a director of a company and does not promptly resign; or
- (3) if there are at least three directors on the board, then if all other directors pass a resolution to remove such director; and the remaining directors may in any such event appoint a director to fill the resulting vacancy.

PART 15 - ALTERNATE DIRECTORS

15.1 Appointment of Alternate Director

Any director (an “appointor”) may by notice in writing received by the Company appoint any person (an “appointee”) who is qualified to act as a director to be his or her alternate to act in his or her place at meetings of the directors or committees of the directors at which the appointor is not present unless (in the case of an appointee who is not a director) the directors have reasonably disapproved the appointment of such person as an alternate director and have given notice to that effect to his or her appointor within a reasonable time after the notice of appointment is received by the Company.

15.2 Notice of Meetings

Every alternate director so appointed is entitled to notice of meetings of the directors and of committees of the directors of which his or her appointor is a member and to attend and vote as a director at any such meetings at which his or her appointor is not present.

15.3 Alternate for More Than One Director Attending Meetings

A person may be appointed as an alternate director by more than one director, and an alternate director:

- (1) will be counted in determining the quorum for a meeting of directors once for each of his or her appointors and, in the case of an appointee who is also a director, once more in that capacity;
- (2) has a separate vote at a meeting of directors for each of his or her appointors and, in the case of an appointee who is also a director, an additional vote in that capacity;
- (3) will be counted in determining the quorum for a meeting of a committee of directors once for each of his or her appointors who is a member of that committee and, in the case of an appointee who is also a member of that committee as a director, once more in that capacity; and
- (4) has a separate vote at a meeting of a committee of directors for each of his or her appointors who is a member of that committee and, in the case of an appointee who is also a member of that committee as a director, an additional vote in that capacity.

15.4 Consent Resolutions

Every alternate director, if authorized by the notice appointing him or her, may sign in place of his or her appointor any resolutions to be consented to in writing.

15.5 Alternate Director an Agent

Every alternate director is deemed to be the agent of his or her appointor.

15.6 Revocation or Amendment of Appointment of Alternate Director

An appointor may at any time, by notice in writing received by the Company, revoke or amend the terms of the appointment of an alternate director appointed by him or her.

15.7 Ceasing to be an Alternate Director

The appointment of an alternate director ceases when:

- (1) his or her appointor ceases to be a director and is not promptly re-elected or re-appointed;
- (2) the alternate director dies;
- (3) the alternate director resigns as an alternate director by notice in writing provided to the Company or a lawyer for the Company;
- (4) the alternate director ceases to be qualified to act as a director; or
- (5) the term of his appointment expires, or his or her appointor revokes the appointment of the alternate director.

15.8 Remuneration and Expenses of Alternate Director

The Company may reimburse an alternate director for the reasonable expenses that would be properly reimbursed if he or she were a director, and the alternate director is entitled to receive from the Company such proportion, if any, of the remuneration otherwise payable to the appointor as the appointor may from time to time direct.

PART 16 - POWERS AND DUTIES OF DIRECTORS

16.1 Powers of Management

The directors must, subject to the *Business Corporations Act* and these Articles, manage or supervise the management of the business and affairs of the Company and have the authority to exercise all such powers of the Company as are not, by the *Business Corporations Act* or by these Articles, required to be exercised by the shareholders of the Company. For clarity, notwithstanding the provisions of section 11.1(2), the directors may exercise any of those powers contemplated for shareholder approval, if permitted by the *Business Corporations Act*, including setting the remuneration of the Company's auditors.

16.2 Appointment of Attorney of Company

The directors may from time to time, by power of attorney or other instrument, under seal if so required by law, appoint any person to be the attorney of the Company for such purposes, and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the directors under these Articles and excepting the power to fill vacancies in the board of directors, to remove a director, to change the membership of or fill vacancies in, any committee of the directors, to appoint or remove officers appointed by the directors and to declare dividends) and for such period, and with such remuneration and subject to such conditions as the directors may think fit. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorney as the directors think fit. Any such attorney may be authorized by the directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in him or her.

PART 17 - DISCLOSURE OF INTEREST OF DIRECTORS

17.1 Obligation to Account for Profits

A director or senior officer who holds a disclosable interest (as that term is used in the *Business Corporations Act*) in a contract or transaction into which the Company has entered or proposes to enter is liable to account to the Company for any profit that accrues to the director or senior officer under or as a result of the contract or transaction only if and to the extent provided in the *Business Corporations Act*.

17.2 Restrictions on Voting by Reason of Interest

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter is not entitled to vote on any directors' resolution to approve that contract or transaction, unless all the directors have a disclosable interest in that contract or transaction, in which case any or all of those directors may vote on such resolution.

17.3 Interested Director Counted in Quorum

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter and who is present at the meeting of directors at which the contract or transaction is considered for approval may be counted in the quorum at the meeting whether or not the director votes on any or all of the resolutions considered at the meeting.

17.4 Disclosure of Conflict of Interest or Property

A director or senior officer who holds any office or possesses any property, right or interest that could result, directly or indirectly, in the creation of a duty or interest that materially conflicts with that individual's duty or interest as a director or senior officer, must disclose the nature and extent of the conflict as required by the *Business Corporations Act*.

17.5 Director Holding Other Office in the Company

A director may hold any office or place of profit with the Company, other than the office of auditor of the Company, in addition to his or her office of director for the period and on the terms (as to remuneration or otherwise) that the directors may determine.

17.6 No Disqualification

No director or intended director is disqualified by his or her office from contracting with the Company either with regard to the holding of any office or place of profit the director holds with the Company or as vendor, purchaser or otherwise, and no contract or transaction entered into by or on behalf of the Company in which a director is in any way interested is liable to be voided for that reason.

17.7 Professional Services by Director or Officer

Subject to the *Business Corporations Act*, a director or officer, or any person in which a director or officer has an interest, may act in a professional capacity for the Company, except as auditor of the Company, and the director or officer or such person is entitled to remuneration for professional services as if that director or officer were not a director or officer.

17.8 Director or Officer in Other Corporations

A director or officer may be or become a director, officer or employee of, or otherwise interested in, any person in which the Company may be interested as a shareholder or otherwise, and, subject to the *Business Corporations Act*, the director or officer is not accountable to the Company for any remuneration or other benefits received by him or her as director, officer or employee of, or from his or her interest in, such other person.

PART 18 - PROCEEDINGS OF DIRECTORS

18.1 Meetings of Directors

The directors may meet together for the conduct of business, adjourn and otherwise regulate their meetings as they think fit, and meetings of the directors held at regular intervals may be held at the place, at the time and on the notice, if any, as the directors may from time to time determine.

18.2 Voting at Meetings

Questions arising at any meeting of directors are to be decided by a majority of votes and, in the case of an equality of votes, the chair of the meeting does have a second or casting vote.

18.3 Chair of Meetings

The following individual is entitled to preside as chair at a meeting of directors:

- (1) the chair of the board, if any, or his or her alternate director;
- (2) in the absence of the chair of the board, the president, if any, if the president is a director (or his or her alternate); or
- (3) any other director chosen by the directors or, if the directors wish, the Company's solicitor, if:
 - (a) neither the chair of the board nor the president, if a director, is present at the meeting within 15 minutes after the time set for holding the meeting;
 - (b) neither the chair of the board nor the president, if a director, is willing to chair the meeting; or
 - (c) the chair of the board and the president, if a director, have advised the secretary, if any, or any other director, that they will not be present at the meeting.

18.4 Meetings by Telephone or Other Communications Medium

A director may participate in a meeting of the directors or of any committee of the directors in person or by telephone if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other. A director may participate in a meeting of the directors or of any committee of the directors by a communications medium other than telephone if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other and if all directors who wish to participate in the meeting agree to such participation. A director who participates in a meeting in a manner contemplated by this Article 18.4 is deemed for all purposes of the *Business Corporations Act* and these Articles to be present at the meeting and to have agreed to participate in that manner.

18.5 Calling of Meetings

A director may, and the secretary or an assistant secretary of the Company, if any, on the request of a director must, call a meeting of the directors at any time.

18.6 Notice of Meetings

Other than for meetings held at regular intervals as determined by the directors pursuant to Article 18.1, reasonable notice of each meeting of the directors, specifying the place, day and time of that meeting must be

given to each of the directors and the alternate directors by any method set out in Article 24.1 or orally or by telephone.

18.7 When Notice Not Required

It is not necessary to give notice of a meeting of the directors to a director or an alternate director if:

- (1) the meeting is to be held immediately following a meeting of shareholders at which that director was elected or appointed, or is the meeting of the directors at which that director is appointed; or
- (2) the director or alternate director, as the case may be, has waived notice of the meeting.

18.8 Meeting Valid Despite Failure to Give Notice

The accidental omission to give notice of any meeting of directors to, or the non-receipt of any notice by, any director or alternate director, does not invalidate any proceedings at that meeting.

18.9 Waiver of Notice of Meetings

Any director or alternate director may send to the Company a document signed by him or her waiving notice of any past, present or future meeting or meetings of the directors and may at any time withdraw that waiver with respect to meetings held after that withdrawal. After sending a waiver with respect to all future meetings and until that waiver is withdrawn, no notice of any meeting of the directors need be given to that director and, unless the director otherwise requires by notice in writing to the Company, to his or her alternate director, and all meetings of the directors so held are deemed not to be improperly called or constituted by reason of notice not having been given to such director or alternate director.

18.10 Quorum

The quorum necessary for the transaction of the business of the directors may be set by the directors and, if not so set, is deemed to be set at two directors or, if the number of directors is set at one, is deemed to be set at one director, and that director may constitute a meeting.

18.11 Validity of Acts Where Appointment Defective

Subject to the *Business Corporations Act*, an act of a director or officer is not invalid merely because of an irregularity in the election or appointment or a defect in the qualification of that director or officer.

18.12 Consent Resolutions in Writing

A resolution of the directors or of any committee of the directors consented to in writing by all of the directors entitled to vote on it, whether by signed document, fax, email or any other method of transmitting legibly recorded messages, is as valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors duly called and held. Such resolution may be in two or more counterparts which together are deemed to constitute one resolution in writing. A resolution passed in that manner is effective on the date stated in the resolution or on the latest date stated on any counterpart. A resolution of the directors or of any committee of the directors passed in accordance with this Article 18.12 is deemed to be a proceeding at a meeting of directors or of the committee of the directors and to be as valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors that satisfies all the requirements of the *Business Corporations Act* and all the requirements of these Articles relating to meetings of the directors or of a committee of the directors.

PART 19 - EXECUTIVE AND OTHER COMMITTEES

19.1 Appointment and Powers of Executive Committee

The directors may, by resolution, appoint an executive committee consisting of the director or directors that they consider appropriate, and this committee has, during the intervals between meetings of the board of directors, all of the directors' powers, except:

- (1) the power to fill vacancies in the board of directors;
- (2) the power to remove a director;
- (3) the power to change the membership of, or fill vacancies in, any committee of the directors; and
- (4) such other powers, if any, as may be set out in the resolution or any subsequent directors' resolution.

19.2 Appointment and Powers of Other Committees

The directors may, by resolution:

- (1) appoint one or more committees (other than the executive committee) consisting of the director or directors that they consider appropriate;
- (2) delegate to a committee appointed under paragraph (1) any of the directors' powers, except:
 - (a) the power to fill vacancies in the board of directors;
 - (b) the power to remove a director;
 - (c) the power to change the membership of, or fill vacancies in, any committee of the directors; and
 - (d) the power to appoint or remove officers appointed by the directors; and
- (3) make any delegation referred to in paragraph (2) subject to the conditions set out in the resolution or any subsequent directors' resolution.

19.3 Obligations of Committees

Any committee appointed under Articles 19.1 or 19.2, in the exercise of the powers delegated to it, must:

- (1) conform to any rules that may from time to time be imposed on it by the directors; and
- (2) report every act or thing done in exercise of those powers at such times as the directors may require.

19.4 Powers of Board

The directors may, at any time, with respect to a committee appointed under Articles 19.1 or 19.2:

- (1) revoke or alter the authority given to the committee, or override a decision made by the committee, except as to acts done before such revocation, alteration or overriding;
- (2) terminate the appointment of, or change the membership of, the committee; and

- (3) fill vacancies in the committee.

19.5 Committee Meetings

Subject to Article 19.3(1) and unless the directors otherwise provide in the resolution appointing the committee or in any subsequent resolution, with respect to a committee appointed under Articles 19.1 or 19.2:

- (1) the committee may meet and adjourn as it thinks proper;
- (2) the committee may elect a chair of its meetings but, if no chair of a meeting is elected, or if at a meeting the chair of the meeting is not present within 15 minutes after the time set for holding the meeting, the directors present who are members of the committee may choose one of their number to chair the meeting;
- (3) a majority of the members of the committee constitutes a quorum of the committee; and
- (4) questions arising at any meeting of the committee are determined by a majority of votes of the members present, and in case of an equality of votes, the chair of the meeting does not have a second or casting vote.

PART 20 - OFFICERS

20.1 Directors May Appoint Officers

The directors may, from time to time, appoint such officers, if any, as the directors determine and the directors may, at any time, terminate any such appointment.

20.2 Functions, Duties and Powers of Officers

The directors may, for each officer:

- (1) determine the functions and duties of the officer;
- (2) entrust to and confer on the officer any of the powers exercisable by the directors on such terms and conditions and with such restrictions as the directors think fit; and
- (3) revoke, withdraw, alter or vary all or any of the functions, duties and powers of the officer.

20.3 Qualifications

No officer may be appointed unless that officer is qualified in accordance with the *Business Corporations Act*. One person may hold more than one position as an officer of the Company. Any person appointed as the chair of the board or as the managing director must be a director. Any other officer need not be a director.

20.4 Remuneration and Terms of Appointment

All appointments of officers are to be made on the terms and conditions and at the remuneration (whether by way of salary, fee, commission, participation in profits or otherwise) that the directors think fit and are subject to termination at the pleasure of the directors, and an officer may in addition to such remuneration be entitled to receive, after he or she ceases to hold such office or leaves the employment of the Company, a pension or gratuity.

PART 21 - INDEMNIFICATION

21.1 Definitions

In this Article 21:

- (1) “eligible penalty” means a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, an eligible proceeding;
- (2) “eligible proceeding” means a legal proceeding or investigative action, whether current, threatened, pending or completed, in which a director, former director or alternate director of the Company (an “eligible party”) or any of the heirs and legal personal representatives of the eligible party, by reason of the eligible party being or having been a director or alternate director of the Company:
 - (a) is or may be joined as a party; or
 - (b) is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to, the proceeding;
- (3) “expenses” has the meaning set out in the *Business Corporations Act*.

21.2 Mandatory Indemnification of Directors and Former Directors

Subject to the *Business Corporations Act*, the Company must indemnify a director, former director or alternate director of the Company and his or her heirs and legal personal representatives against all eligible penalties to which such person is or may be liable, and the Company must, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by such person in respect of that proceeding. Each director and alternate director is deemed to have contracted with the Company on the terms of the indemnity contained in this Article 21.2.

21.3 Indemnification of Other Persons

Subject to any restrictions in the *Business Corporations Act*, the Company may indemnify any person.

21.4 Non-Compliance with *Business Corporations Act*

The failure of a director, alternate director or officer of the Company to comply with the *Business Corporations Act* or these Articles does not invalidate any indemnity to which he or she is entitled under this Part.

21.5 Company May Purchase Insurance

The Company may purchase and maintain insurance for the benefit of any person (or his or her heirs or legal personal representatives) who:

- (1) is or was a director, alternate director, officer, employee or agent of the Company;
- (2) is or was a director, alternate director, officer, employee or agent of a corporation at a time when the corporation is or was an affiliate of the Company;
- (3) at the request of the Company, is or was a director, alternate director, officer, employee or agent of a corporation or of a partnership, trust, joint venture or other unincorporated entity;
- (4) at the request of the Company, holds or held a position equivalent to that of a director, alternate director or officer of a partnership, trust, joint venture or other unincorporated entity,

against any liability incurred by him or her as such director, alternate director, officer, employee or agent or person who holds or held such equivalent position.

PART 22 - DIVIDENDS

22.1 Payment of Dividends Subject to Special Rights

The provisions of this Article 22 are subject to the rights, if any, of shareholders holding shares with special rights as to dividends.

22.2 Declaration of Dividends

Subject to the *Business Corporations Act*, the directors may from time to time declare and authorize payment of such dividends as they may deem advisable.

22.3 No Notice Required

The directors need not give notice to any shareholder of any declaration under Article 22.2.

22.4 Record Date

The directors may set a date as the record date for the purpose of determining shareholders entitled to receive payment of a dividend. The record date must not precede the date on which the dividend is to be paid by more than two months. If no record date is set, the record date is 5 p.m. on the date on which the directors pass the resolution declaring the dividend.

22.5 Manner of Paying Dividend

A resolution declaring a dividend may direct payment of the dividend wholly or partly by the distribution of cash or of specific assets or of fully paid shares or of bonds, debentures or other securities of the Company, or in any one or more of those ways.

22.6 Settlement of Difficulties

If any difficulty arises in regard to a distribution under Article 22.5, the directors may settle the difficulty as they deem advisable, and, in particular, may:

- (1) set the value for distribution of specific assets;
- (2) determine that cash payments in substitution for all or any part of the specific assets to which any shareholders are entitled may be made to any shareholders on the basis of the value so fixed in order to adjust the rights of all parties; and
- (3) vest any such specific assets in trustees for the persons entitled to the dividend.

22.7 When Dividend Payable

Any dividend may be made payable on such date as is fixed by the directors.

22.8 Dividends to be Paid in Accordance with Number of Shares

All dividends on shares of any class or series of shares must be declared and paid according to the number of such shares held.

22.9 Receipt by Joint Shareholders

If several persons are joint shareholders of any share, any one of them may give an effective receipt for any dividend, bonus or other money payable in respect of the share.

22.10 Dividend Bears No Interest

No dividend bears interest against the Company.

22.11 Fractional Dividends

If a dividend to which a shareholder is entitled includes a fraction of the smallest monetary unit of the currency of the dividend, that fraction may be disregarded in making payment of the dividend and that payment represents full payment of the dividend.

22.12 Payment of Dividends

Any dividend or other distribution payable in cash in respect of shares may be paid by cheque, made payable to the order of the person to whom it is sent, and mailed to the address of the shareholder, or in the case of joint shareholders, to the address of the joint shareholder who is first named on the central securities register, or to the person and to the address the shareholder or joint shareholders may direct in writing. The mailing of such cheque will, to the extent of the sum represented by the cheque (plus the amount of the tax required by law to be deducted), discharge all liability for the dividend unless such cheque is not paid on presentation or the amount of tax so deducted is not paid to the appropriate taxing authority.

22.13 Capitalization of Surplus

Notwithstanding anything contained in these Articles, the directors may from time to time capitalize any surplus of the Company and may from time to time issue, as fully paid, shares or any bonds, debentures or other securities of the Company as a dividend representing the surplus or any part of the surplus.

PART 23 - DOCUMENTS, RECORDS AND REPORTS

23.1 Recording of Financial Affairs

The directors must cause adequate accounting records to be kept to record properly the financial affairs and condition of the Company and to comply with the *Business Corporations Act*.

23.2 Inspection of Accounting Records

Unless the directors determine otherwise, or unless otherwise determined by ordinary resolution, no shareholder of the Company is entitled to inspect or obtain a copy of any accounting records of the Company.

PART 24 - NOTICES

24.1 Method of Giving Notice

Unless the *Business Corporations Act* or these Articles provides otherwise, a notice, statement, report or other record required or permitted by the *Business Corporations Act* or these Articles to be sent by or to a person may be sent by any one of the following methods:

- (1) mail addressed to the person at the applicable address for that person as follows:
 - (a) for a record mailed to a shareholder, the shareholder's registered address;
 - (b) for a record mailed to a director or officer, the prescribed address for mailing shown for the director or officer in the records kept by the Company or the mailing address provided by the recipient for the sending of that record or records of that class;
 - (c) in any other case, the mailing address of the intended recipient;
- (2) delivery at the applicable address for that person as follows, addressed to the person:
 - (a) for a record delivered to a shareholder, the shareholder's registered address;
 - (b) for a record delivered to a director or officer, the prescribed address for delivery shown for the director or officer in the records kept by the Company or the delivery address provided by the recipient for the sending of that record or records of that class;
 - (c) in any other case, the delivery address of the intended recipient;
- (3) sending the record by fax to the fax number provided by the intended recipient for the sending of that record or records of that class;
- (4) sending the record by email to the email address provided by the intended recipient for the sending of that record or records of that class; or
- (5) physical delivery to the intended recipient.

24.2 Deemed Receipt of Mailing

A record that is mailed to a person by ordinary mail to the applicable address for that person referred to in Article 24.1 is deemed to be received by the person to whom it was mailed on the day, Saturdays, Sundays and holidays excepted, following the date of mailing.

24.3 Certificate of Sending

A certificate or other document signed by the secretary, if any, or other officer of the Company or of any other corporation acting in that behalf for the Company stating that a notice, statement, report or other record was addressed as required by Article 24.1, prepaid and mailed or otherwise sent as permitted by Article 24.1 is conclusive evidence of that fact.

24.4 Notice to Joint Shareholders

A notice, statement, report or other record may be provided by the Company to the joint shareholders of a share by providing the notice to the joint shareholder first named in the central securities register in respect of the share.

24.5 Notice to Trustees

A notice, statement, report or other record may be provided by the Company to the persons entitled to a share in consequence of the death, bankruptcy or incapacity of a shareholder by:

- (1) mailing the record, addressed to them:
 - (a) by name, by the title of the legal personal representative of the deceased or incapacitated shareholder, by the title of trustee of the bankrupt shareholder or by any similar description; and
 - (b) at the address, if any, supplied to the Company for that purpose by the persons claiming to be so entitled; or
- (2) if an address referred to in paragraph (1)(b) has not been supplied to the Company, by giving the notice in a manner in which it might have been given if the death, bankruptcy or incapacity had not occurred.

PART 25 - SEAL

25.1 Who May Attest Seal

Except as provided in Articles 25.2 and 25.3, the Company's seal, if any, must not be impressed on any record except when that impression is attested by the signatures of:

- (1) any two directors;
- (2) any officer, together with any director;
- (3) if the Company only has one director, that director; or
- (4) any one or more directors or officers or persons as may be determined by the directors.

25.2 Sealing Copies

For the purpose of certifying under seal a certificate of incumbency of the directors or officers of the Company or a true copy of any resolution or other document, despite Article 25.1, the impression of the seal may be attested by the signature of any director or officer.

25.3 Mechanical Reproduction of Seal

The directors may authorize the seal to be impressed by third parties on share certificates or bonds, debentures or other securities of the Company as they may determine appropriate from time to time. To enable the seal to be impressed on any share certificates or bonds, debentures or other securities of the Company, whether in definitive or interim form, on which facsimiles of any of the signatures of the directors or officers of the Company are, in accordance with the *Business Corporations Act* or these Articles, printed or otherwise mechanically reproduced, there may be delivered to the person employed to engrave, lithograph or print such definitive or interim share certificates or bonds, debentures or other securities one or more unmounted dies reproducing the seal and the chair of the board or any senior officer together with the secretary, treasurer, secretary-treasurer, an assistant secretary, an assistant treasurer or an assistant secretary-treasurer may in writing authorize such person to cause the seal to be impressed on such definitive or interim share certificates or bonds,

debentures or other securities by the use of such dies. Share certificates or bonds, debentures or other securities to which the seal has been so impressed are for all purposes deemed to be under and to bear the seal impressed on them.

Robert Eadie

Robert Eadie, Chairman & CEO

October 24, 2017

Date



BC Registry
Services

Mailing Address:
PO Box 9431 Stn Prov Govt
Victoria BC V8W 9V3
www.corporateonline.gov.bc.ca

Location:
2nd Floor - 940 Blanshard Street
Victoria BC
1 877 526-1526

Notice of Change of Directors

FORM 10
BUSINESS CORPORATIONS ACT
Section 127

Filed Date and Time: November 1, 2017 01:46 PM Pacific Time

Incorporation Number:

BC0218266

Name of Company:

STARCORE INTERNATIONAL MINES LTD.

Date of Change of Directors

October 24, 2017

New Director(s)

Last Name, First Name, Middle Name:

Garcia, Salvador

Mailing Address:

SUITE 750, 580 HORNBY STREET
VANCOUVER BC V6C 3B6
CANADA

Delivery Address:

SUITE 750, 580 HORNBY STREET
VANCOUVER BC V6C 3B6
CANADA

Director(s) as at October 24, 2017

Last Name, First Name, Middle Name:

Arca, Gary

Mailing Address:

SUITE 750
580 HORNBY STREET
VANCOUVER BC V6C 3B6
CANADA

Delivery Address:

SUITE 750
580 HORNBY STREET
VANCOUVER BC V6C 3B6
CANADA

Last Name, First Name, Middle Name:

EADIE, ROBERT

Mailing Address:

SUITE 750
580 HORNBY STREET
VANCOUVER BC V6C 3B6
CANADA

Delivery Address:

SUITE 750
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VANCOUVER BC V6C 3B6
CANADA

Last Name, First Name, Middle Name:

ESTRA, JORDAN

Mailing Address:

5888 NORTH OCEAN BLVD
OCEAN RIDGE FL 33435
UNITED STATES

Delivery Address:

5888 NORTH OCEAN BLVD
OCEAN RIDGE FL 33435
UNITED STATES

Last Name, First Name, Middle Name:

Garcia, Salvador

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VIA EDGAR

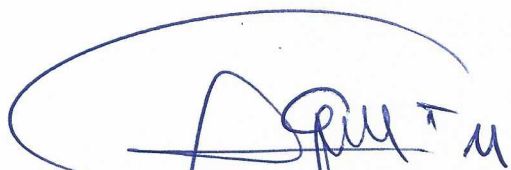
**To: United States Securities and Exchange
Commission**
**Re: Starcore International Mines Ltd. (the
“Company”)**
Annual Report on Form 20-F
Consent of Expert

This consent is provided in connection with the Company’s Annual Report on Form 20-F to be filed by the Company with the United States Securities and Exchange Commission and any amendments thereto (the “Registration Statement”).

I, Erme Enriquez, CPG, MSc of Durango, Mexico, hereby consent to:

- the use of my name in connection with my involvement in the preparation of the technical report entitled “RESERVES AND RESOURCES IN THE SAN MARTIN MINE, QUERETARO STATE, MEXICO, AS OF APRIL 30, 2018”, dated June 27, 2018, (the “Technical Report”);
- references to the Technical Report, or portions thereof, in the Annual Report;
- the inclusion of the information derived from the Technical Report in the Annual Report; and
- the identification of myself as the person responsible for ensuring that the technical information contained in the Annual Report is an accurate summary of the original reports and data provided to or developed by the Company.

Dated the 30th day of July, 2018


ERME ENRIQUEZ, CPG, BSc, MSc



Starcore International Mines Ltd.

Consolidated Financial Statements

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

(Audited)

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Directors of
Starcore International Mines Ltd.

Opinion on the consolidated Financial Statements

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

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

Basis for Opinion

Management’s Responsibility for the Consolidated Financial Statements

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

Auditors’ Responsibility

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

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



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

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

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

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Professional Accountants

July 27, 2018

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

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

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

Approved by the Directors:

“Robert Eadie” Director

“Gary Arca” Director

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

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

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

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

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

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

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

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

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

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

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

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

April 30, 2018

1. Corporate Information

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

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

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

2. Basis of Preparation

a) Statement of Compliance

These consolidated financial statements for the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

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

b) Basis of Measurement

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

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

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

c) Basis of Consolidation

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

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

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

April 30, 2018

3. Summary of Significant Accounting Policies

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

a) Foreign Currency Translation

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

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

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

b) Foreign Operations

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

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

c) Cash and Cash Equivalents

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

April 30, 2018

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

d) Short Term Investments

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

e) Revenue Recognition

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

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

f) Inventory

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

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

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

April 30, 2018

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

g) Mining Interest, Plant and Equipment

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

Recognition and Measurement

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

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

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

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

Major Maintenance and Repairs

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

Subsequent Costs

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

April 30, 2018

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

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

Leased Equipment

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

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

Derecognition

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

Depreciation and Impairment

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

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

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

April 30, 2018

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

h) Rehabilitation and Closure Cost Provision

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

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

i) Exploration and Evaluation Expenditures

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

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

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

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

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

April 30, 2018

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

j) Financial Instruments

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

Loans and Receivables

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

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

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

Available-for-Sale

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

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

Impairment of Financial Assets

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

April 30, 2018

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

j) Financial Instruments – (cont'd)

Financial Liabilities

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

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

Fair value hierarchy

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

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

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

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

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

k) Income Taxes

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

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

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

April 30, 2018

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

k) Income Taxes – (cont'd)

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

l) Share Capital

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

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

m) Profit or Loss per Share

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

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

n) Share-based Payments

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

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

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

April 30, 2018

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

n) Share-based Payments – (cont’d)

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

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

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

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

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

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

o) New and Revised Accounting Standards

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

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

April 30, 2018

4. Critical Accounting Estimates and Judgments

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

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

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

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

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

b) Impairments

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

c) Rehabilitation Provisions

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

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

April 30, 2018

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

d) Income Taxes

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

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

e) Share-based Payment

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

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

f) Mineral Reserves and Mineral Resource Estimates

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

Starcore International Mines Ltd.
Notes to the Consolidated Financial Statements
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April 30, 2018

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

g) Units of production depletion

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

5. Short-term Investments

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

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

6. Amounts Receivable

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

7. Inventory

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

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April 30, 2018

8. Mining Interest, Plant and Equipment

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

Impairment on Mining Interest

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

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

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April 30, 2018

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

Sale of San Pedrito

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

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

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

(1) The remaining two parcels await various confirmations from different local and federal authorities. As the Company receives these confirmations, the buyer will immediately remit the corresponding payment for each parcel of land. It is expected that these clearances will be confirmed within the next 6 months.

(2) Based on exchange rate of 14.28 Pesos/CAD\$ as at close of March 21, 2017.

(3) Based on exchange rate of 15.01 Pesos/CAD\$ on the actual date of collection on November 8, 2017.

(4) Amounts are not rounded to the nearest thousand.

Altiplano Facility

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

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

April 30, 2018

9. Exploration and Evaluation Assets

a) American Consolidated Minerals (“AJC”) properties

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

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

The Company has acquired the right to a 100% undivided interest, subject to a 3% net smelter royalty (“NSR”), in 73 mining claims located in Ferry County, Washington State, United States of America (“Lone Ranch”) from MinQuest Inc. (“MinQuest”). Consideration to be paid for the interest is USD\$360 (payable over 5 years commencing October 19, 2018), and the Company must incur total exploration expenditures of USD\$1,225 (USD\$175 incurred) on the property, by the third anniversary of October 19, 2018 as agreed by MinQuest. Annual payments commencing October 19, 2018 are \$60, \$80, \$100, and \$170 respectively.

These payment requirements will commence earlier should the Company enter into a joint venture agreement over the property or complete a bankable feasibility study on the property.

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

ii) *Toiyabe, U.S.A*

The Company has the right to acquire a 100% undivided interest, subject to a 3% NSR, in 165 mining claims located in Lander County, Nevada, United States of America (“Toiyabe”) from MinQuest. Consideration to be paid for the interest is USD\$900 (payable over 5 years commencing October 19, 2018) and the Company must incur total exploration expenditures of USD\$1,025 (incurred) on the property, by the fifth anniversary of October 19, 2018 as agreed by MinQuest. Annual payments commencing October 19, 2018 are \$60, \$80, \$100, \$120, \$140 and \$400 respectively.

These payment requirements will commence earlier should the the Company enter into a joint venture agreement over Toiyabe or complete a bankable feasibility study on the property.

The optionor has also granted the Company the right to purchase up to one-half of the NSR (or 1.5%) on the basis of USD \$2,000 per each 1% of the royalty.

iii) *Sierra Rosario, Mexico*

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

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

April 30, 2018

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

b) Creston Moly (“Creston”) properties

i) *El Creston Project, Mexico*

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

ii) *Ajax Project, Canada*

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

iii) *Molybrook Project, Canada*

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

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

c) Santa Fe property

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

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

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April 30, 2018

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

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

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10. Loan payable

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

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

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

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

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

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

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

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

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10. Loan payable – (cont'd)

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

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

11. Rehabilitation and Closure Cost Provision

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

Significant reclamation and closure activities include land rehabilitation, demolition of buildings and mine facilities, closing portals to underground mining areas and other costs.

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

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

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12. Share Capital

a) Common Shares

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

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

During the year ended April 30, 2018, the Company:

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

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

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

b) Warrants

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

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

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12. Share Capital – (cont'd)

b) Warrants - (cont'd)

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

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

c) Share-based Payments

The Company, in accordance with the policies of the TSX, was previously authorized to grant options to directors, officers, and employees to acquire up to 20% of the amount of stock outstanding. In January 2014, the Company's shareholders voted to cancel the Company's option plan and, as a result, the Company's Board of Directors may not grant further options. The Company's management and directors are reviewing alternative compensation arrangements for the Company's employees and directors.

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

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

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

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

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12. Share Capital – (cont'd)

d) Deferred Share Units (“DSU”) & Restricted Share Units (“RSU”)

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

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

RSU

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

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

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

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

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12. Share Capital – (cont'd)

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

DSU

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

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

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

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

13. Financial Instruments

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

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

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13. Financial Instruments – (cont'd)

a) Currency Risk

Currency risk is the risk to the Company's earnings that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. At April 30, 2018, the Company had the following financial assets and liabilities denominated in CAD and denominated in MXN\$:

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

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

b) Interest Rate Risk

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

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

c) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk with respect to its cash and short-term investments, the balance of which at April 30, 2018 is \$2,321 (2017- \$5,558) and \$Nil (2017 - \$4,005), respectively. Cash of \$974 (2017- \$1,982) and short-term investments of \$Nil (2017- \$3,596) are held at a Mexican financial institution, cash of \$23 (2017- \$3) are held at a US financial institution and the remainder of \$1,324 (2017- \$3,573) and the short-term investment of \$Nil (2017- \$409) are held at a chartered Canadian financial institution; the Company is exposed to the risks of those financial institutions. The taxes receivable are comprised of Mexican VAT taxes receivable of \$1,907 and GST receivable of \$34, which are subject to review by the respective tax authority, and \$1,359 related to amount owed from the sale of its San Pedrito Property (note 8).

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13. Financial Instruments – (cont'd)

d) Liquidity Risk

Liquidity risk arises from the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements. The Company accomplishes this by achieving profitable operations and maintaining sufficient cash reserves. As at April 30, 2018, the Company was holding cash of \$2,321 (2017 - \$5,558) and short-term investments of \$Nil (2017 - \$4,005).

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

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

e) Commodity Risk

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

14. Commitments and related party transactions

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

- As at April 30, 2018, the Company has shared lease commitments for office space of approximately \$144 per year, expiring at various dates up to April 2020, which includes minimum lease payments and estimated taxes, but excluded operating costs, taxes and utilities, to expiry.
- As at April 30, 2018, the Company has a land lease agreement commitment with respect to the land at the mine site, for \$132 per year until December 2018. The Company also has ongoing commitments on the exploration and evaluation assets of approximately \$220 per year increasing over the next 5 years for the AJC properties (see Note 9).
- As at April 30, 2018, the Company has management contracts to officers and directors totaling \$600 per year, payable monthly, expiring in January 2020 and US\$315 per year, payable monthly, expiring in August 2021.

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April 30, 2018

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

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

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

15. Capital Disclosures

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

The Company considers the items included in the consolidated statements of changes in equity as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, sell assets to reduce debt or return capital to shareholders. The Company is not subject to externally imposed capital requirements and there were no changes to the capital management in the year ended April 30, 2018.

16. Earnings per Share

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

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

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

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

Starcore International Mines Ltd.**Notes to the Consolidated Financial Statements**

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April 30, 2018**17. Segmented Information**

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

	Bernal	Mexico Altiplano	Other	Total	Canada	USA	April 30, 2018 Total
Revenue							
Mined Ore	\$ 21,005	\$ -	\$ -	\$ 21,005	\$ -	\$ -	\$ 21,005
Purchase Concentrate	3,976	2,826	-	6,802	-	-	6,802
Cost of sales:							
Mined Ore	(20,532)	-	(140)	(20,672)	-	-	(20,672)
Purchase Concentrate	(3,654)	(3,496)	-	(7,150)	-	-	(7,150)
Depreciation	(4,492)	(421)	-	(4,913)	-	-	(4,913)
Earnings (loss) from operations	(3,697)	(1,091)	(140)	(4,928)	-	-	(4,928)
Corporate costs and taxes	4,343	294	(409)	4,228	(3,586)	12	654
Write off Mining Interest	(6,713)	-	-	(6,713)	-	-	(6,713)
Disposal of Exploration and Evaluation	(1,079)	-	118	(961)	-	(52)	(1,013)
Earnings (loss) for the year	(7,145)	(797)	(432)	(8,374)	(3,586)	(40)	(12,000)
Mining interest, plant and equipment	35,302	6,005	1	41,308	168	-	41,476
Total assets	\$ 48,614	\$ 8,095	\$ 3,930	\$ 60,639	\$ 3,537	\$ 2,150	\$ 66,326
	Bernal	Mexico Altiplano		Total	Canada	USA	April 30, 2017 Total
Revenue							
Mined Ore	\$ 24,642	\$ -		\$ 24,642	\$ -	\$ -	\$ 24,642
Purchase Concentrate	418	2,168		2,586	-	-	2,586
Cost of sales:							
Mined Ore	(18,641)	-		(18,641)	-	-	(18,641)
Purchase Concentrate	(287)	(1,864)		(2,151)	-	-	(2,151)
Depreciation	(5,360)	(250)		(5,610)	-	-	(5,610)
Earnings (loss) from operations	772	54		826	-	-	826
Corporate costs and taxes	3,302	(308)		2,994	(3,707)	(19)	(732)
Sale of San Pedrito	7,128	-		7,128	-	-	7,128
Earnings (loss) for the year	11,202	(254)		10,948	(3,707)	(19)	7,222
Mining interest, plant and equipment	45,899	6,777		52,676	245	-	52,921
Total assets	61,401	11,165		72,566	7,559	1,971	82,096

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17. Segmented Information - (cont'd)

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

18. Income Taxes

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

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

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

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

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

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18. Income Taxes – (cont'd)

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

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

Mexico Tax Reform

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

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

19. Subsequent event

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

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

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