STARCORE
INTERNATIONAL
MINES LTD

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

Directors and Officers as at July 27, 2018:

Directors:

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

Officers:

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

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TSX Symbol:	SAM

Form 51-102-F1

STARCORE INTERNATIONAL MINES LTD.

MANAGEMENT DISCUSSION & ANALYSIS

For the year ended April 30, 2018

1. <u>Date of This Report</u>

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

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

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

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

2. Overall Performance

Description of Business

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

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

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

Reconciliation of Net loss to EBITDA

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

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

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

Recent News

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

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

Starcore International Mines, San Martin Mine Mineral Reserves and Resources

As of April 30,2018

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

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

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

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

Assumptions in making the reserve estimates are as follows:

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

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

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

Debt issuance

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

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

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

Santa Fe Project

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

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

Toiyabe Gold Project

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

Highlights from the Technical Report include:

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

3. Selected Annual Information

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

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

4. Results of Operations

Discussion of Acquisitions, Operations and Financial Condition

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

4.1 San Martín Mine, Queretaro, Mexico

Reserves

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

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

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

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

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

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

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

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

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

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

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

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

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

4.2 Property Activity

San Martin properties – Queretaro, Mexico

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

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

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

Impairment of Mining Interest

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

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

San Pedrito

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

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

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

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

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

Altiplano Processing Plant, Matehuala, Mexico

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

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

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

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

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

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

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

Santa Fe Project

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

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

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

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

American Consolidated Minerals Corp.

On November 20, 2014, the Company announced the approval of the proposed acquisition of American Consolidated Minerals Corp ("AJC") pursuant to a plan of arrangement (the "Transaction") by the AJC shareholders.

The Transaction was completed on December 1, 2014 upon the satisfaction of all of the conditions set out in the arrangement agreement entered into by AJC and the Company on October 1, 2014, including approval by the Supreme Court of British Columbia.

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

Sierra Rosario, Sinaloa, Mexico

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

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

Toiyabe, Nevada, USA

Pursuant to the acquisition of AJC, the Company acquired the right to a 100% undivided interest, subject to a 3% NSR, in 165 mining claims located in Lander County, Nevada, United States of America ("Toiyabe") from MinQuest.

Consideration to be paid for the interest is US$900 and the Company must incur total exploration expenditures of US$1,025 (incurred) on the property, by the fifth anniversary of the "New Effective Date" as agreed by MinQuest. The New Effective Date shall be the earlier of October 15, 2018 or the date the Company enters into a joint venture agreement over Toiyabe or the date that the Company completes a bankable feasibility study on the property. The optionor has also granted the Company the right to purchase up to one-half of the NSR (or 1.5%) on the basis of US$2 million per each 1% of the royalty.

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

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

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

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

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

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

Lone Ranch, Washington, USA

Pursuant to the acquisition of AJC, the Company acquired the right to a 100% undivided interest, subject to a 3% NSR in 73 mining claims located in Ferry County, Washington State, United States of America ("Lone Ranch") from MinQuest Inc. ("MinQuest"). Consideration to be paid for the interest is US$360, and the Company must incur total exploration expenditures of US$1,225 ($175 incurred) on the property, by the third anniversary of the "New Effective Date" as agreed by MinQuest. The New Effective Date shall be the earlier of October 15, 2018 or the date the Company enters into a joint venture agreement over the property or the date that the Company completes a bankable feasibility study on the property.

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

Creston Moly

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

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

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

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

Ajax, British Columbia, Canada[2]

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

Molybrook, Newfoundland, Canada[3]

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

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

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

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

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

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

El Creston Project, Sonora, Mexico[4]

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

Other highlights of the report include:

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

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

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

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

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

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

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

4.3 Results of Operations

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

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

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

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

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

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

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

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

Other Items

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

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

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

Sustaining Costs

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

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

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

Cash Flows

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

Investor Relations Activities

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

Financings, Principal Purposes & Milestones

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

5. Summary of Quarterly Results

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

	Q4 30-Apr-18	Q3 31-Jan-18	Q2 31-Oct-17	Q1 31-Jul-17
Total Revenue	$ 7,953	$ 5,352	$ 6,407	$ 8,095
Earnings (loss) from mining operations	$ (622)	$ (2,573)	$ (1,354)	$ (379)
Earnings (loss) for period	$ (5,106)	$ (4,625)	$ (1,975)	$ (294)
Per share – basic	$ (0.12)	$ (0.09)	$ (0.03)	$ (0.00)
Per share – diluted	$ (0.12)	$ (0.09)	$ (0.03)	$ (0.00)
	Q4 30-Apr-17	**Q3 31-Jan-17**	**Q2 31-Oct-16**	**Q1 31-Jul-16**
Total Revenue	$ 6,815	$ 6,164	$ 7,061	$ 7,188
Earnings (loss) from mining operations	$ (1,096)	$ (495)	$ 1,269	$ 1,148
Earnings (loss) for period	$ 8,095	$ (1,546)	$ 187	$ 486
Per share – basic	$ 0.17	$ (0.03)	$ 0.00	$ 0.01
Per share – diluted	$ 0.17	$ (0.03)	$ 0.00	$ 0.01

Discussion

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

6. Liquidity and Commitments

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

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

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

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

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

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

7. Capital Resources

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

8. Off Balance Sheet Arrangements

The Company has no off-balance sheet transactions.

9. Transactions with Related Parties

N/A

10. Fourth Quarter

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

11. Proposed Transactions

N/A

12. Critical Accounting Estimates

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

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

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

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

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

b) Rehabilitation Provisions

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

c) Impairments

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

d) Income Taxes

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

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

e) Mineral Reserves and Mineral Resource Estimates

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

f) Units of production depletion

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

g) Shared-based Payments

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

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

13. Changes in Accounting Policies

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

14. Financial and Other Instruments

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

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

Currency risk is the risk to the Company's earnings that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. The primary currency the Company exposed to is the United States dollar which is also the functional currency of the San Martin Mine. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. At April 30, 2018 the Company had the following financial assets and liabilities denominated in CDN and denominated in Mexican Pesos:

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

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

Other

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

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

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

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

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

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

15.2 Disclosure Controls and Procedures

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

Internal Controls Over Financial Reporting

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

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

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

Limitations of Controls and Procedures

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