

Starcore International Mines Ltd.

Condensed Interim Consolidated Financial Statements

For the three months ended July 31, 2019

(Unaudited)

**NOTICE TO READER OF THE UNAUDITED CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

The unaudited condensed interim consolidated financial statements for the three months ended July 31, 2019 have been prepared by and are the responsibility of the Company's management. These financial statements have not been reviewed or audited by the Company's auditors.

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

As at	July 31, 2019	April 30, 2019
Assets		
Current		
Cash and cash equivalents (note 3)	\$ 2,021	\$ 2,549
Amounts receivable (note 4)	3,520	3,096
Inventory (note 5)	1,889	1,488
Prepaid expenses and advances	438	379
Total Current Assets	7,868	7,512
Non-Current		
Mining interest, plant and equipment (note 6)	34,386	37,618
Exploration and evaluation assets (note 7)	5,637	5,511
Reclamation deposits	165	165
Deferred tax assets	6,096	6,199
Total Non-Current Assets	46,284	49,493
Total Assets	\$ 54,152	\$ 57,005
Liabilities		
Current		
Trade and other payables	\$ 2,344	\$ 3,399
Current portion of loans payable (note 8)	4,441	1,507
Total Current Liabilities	6,785	4,906
Non-Current		
Loans payable (note 8)	-	3,081
Rehabilitation and closure cost provision (note 9)	1,230	1,254
Deferred tax liabilities	8,270	8,728
Total Non-Current Liabilities	9,500	13,063
Total Liabilities	\$ 16,285	\$ 17,969

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

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

As at	July 31, 2019	April 30, 2019
Equity		
Share capital (note 10)	\$ 50,725	\$ 50,725
Equity reserve	11,349	11,349
Foreign currency translation reserve	2,497	2,835
Accumulated deficit	(26,704)	(25,873)
Total Equity	37,867	39,036
Total Liabilities and Equity	\$ 54,152	\$ 57,005

Subsequent events (notes 6 and 10)
Commitments (note 12)

Approved by the Directors:

"Robert Eadie" Director

"Gary Arca" Director

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

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

For the three months ended July 31,	2019	2018
Revenues		
Mined ore	\$ 6,389	\$ 7,350
Purchased concentrate	-	3,273
Total Revenues	6,389	10,623
Cost of Sales		
Mined ore	(5,536)	(5,751)
Purchased concentrate	-	(3,169)
Depreciation and depletion	(803)	(1,030)
Total Cost of Sales	(6,339)	(9,950)
Earnings from mining operations	50	673
Financing costs (note 8)	(139)	(88)
Foreign exchange loss	(30)	(66)
Management fees and salaries	(297)	(256)
Office and administration	(285)	(327)
Professional and consulting fees	(302)	(184)
Property Investigation costs	-	(53)
Shareholder relations	(21)	(65)
Transfer agent and regulatory fees	(15)	(26)
Loss before taxes and other losses	(1,039)	(392)
Other Loss		
Sale of Altiplano (Note 6)	(36)	-
Loss before taxes	(1,075)	(392)
Income tax recovery		
Deferred	244	11
Loss for the period	(831)	(381)
Other comprehensive income (loss)		
Item that may subsequently be reclassified to income (loss)		
Foreign currency translation differences	(338)	562
Comprehensive (loss) income for the period	\$ (1,169)	\$ 181
Basic earnings (loss) per share (note 14)	\$ (0.02)	\$ (0.00)
Diluted loss per share (note 14)	\$ (0.02)	\$ (0.00)

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

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

For the three months ended July 31,	2019	2018
Cash provided by		
Operating activities		
Loss for the period	\$ (831)	\$ (381)
Items not involving cash:		
Depreciation and depletion (note 6)	863	1,053
Discount on long-term debt (note 8)	29	(56)
Interest on long-term debt (note 8)	90	50
Income expense/ (recovery)	(244)	(11)
Interest revenue	-	(4)
Sale of Altiplano (note 6)	36	-
Rehabilitation and closure cost accretion (note 9)	23	21
Share-based payments (note 10)	48	50
Cash inflow from operating activities before working capital changes	14	722
Change in non-cash working capital items		
Amounts receivable	935	(2,613)
Inventory	(379)	407
Prepaid expenses and advances	(53)	(210)
Trade and other payables	(1,193)	548
Cash outflow from operating activities	(676)	(1,146)
Financing activities		
Advance on long-term loan payable (note 8)	-	3,000
Interest paid	(240)	-
Cash inflow (outflow) from financing activities	(240)	3,000
Investing activities		
Investment in exploration and evaluation assets (note 7)	(135)	(136)
Purchase of mining interest, plant and equipment (note 6)	(433)	(810)
Proceeds from sale of Altiplano (note 6)	656	-
Purchase of short-term investments (note 3)	-	(2,000)
Cash inflow (outflow) from investing activities	88	(2,946)
Total decrease in cash	(828)	(1,092)
Effect of foreign exchange rate changes on cash	300	(42)
Cash, beginning of period	2,549	2,321
Cash, end of period	\$ 2,021	\$ 1,187

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

Starcore International Mines Ltd.**Condensed Interim Consolidated Statements of Changes in Equity for the periods ended July 31, 2019, 2018 and April 30, 2019
(in thousands of Canadian dollars except for number of shares) – (Unaudited)**

	Number of Shares Outstanding	Share Capital	Equity Reserve	Foreign Currency Translation Reserve	Accumulated Deficit	Total
Balance, April 30, 2018	49,646,851	50,725	11,178	1,234	(14,069)	49,068
Foreign currency translation differences	-	-	-	562	-	562
Loss for the period	-	-	-	-	(381)	(381)
Balance, July 31, 2018	49,646,851	50,725	11,178	1,796	(14,450)	49,249
Warrants issued (Note 8)	-	-	171	-	-	171
Foreign currency translation differences	-	-	-	1,039	-	1,039
Loss for the period	-	-	-	-	(11,423)	(11,423)
Balance, April 30, 2019	49,646,851	50,725	11,349	2,835	(25,873)	39,036
Foreign currency translation differences	-	-	-	(338)	-	(338)
Loss for the period	-	-	-	-	(831)	(831)
Balance, July 31, 2019	49,646,851	\$ 50,725	\$ 11,349	\$ 2,497	\$ (26,704)	\$ 37,867

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

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

July 31, 2019

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. The Company recently sold Altiplano GoldSilver S.A. de C.V (“Altiplano”), which owns a gold and silver concentrate processing plant in Matehuala, Mexico (see note 6).

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 unaudited condensed interim consolidated financial statements for the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). These unaudited condensed interim consolidated financial statements, for the three month period ended July 31, 2019, have been prepared in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting, and do not include all the information required for full annual financial statement.

These condensed interim financial statements should be read in conjunction with the Company’s April 30, 2019 audited annual financial statements.

The financial statements were authorized for issue by the Board of Directors on September 12, 2019.

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 of the Company’s April 30, 2019 audited annual financial statements.

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 of the Company’s April 30, 2019 audited annual financial statements.

Starcore International Mines Ltd.
Notes to the Condensed Interim Consolidated Financial Statements
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July 31, 2019

2. Basis of preparation – (cont'd)

c) Basis of Consolidation

These consolidated financial statements include the accounts of the Company and all of its subsidiaries, which are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from the entity's activities. Subsidiaries are included in the consolidated financial results of the Company from the effective date of acquisition up to the effective date of disposal or loss of control. The Company's wholly-owned subsidiary Bernal, 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.

3. Cash and cash equivalents

At July 31, 2019, the Company held a Guaranteed Investment Certificate ("GIC") with a market value of \$300 (April 30, 2019 - \$1,011), earning interest income at 1.70% per annum and maturing on June 24, 2020.

The GIC is cashable at the Company's option and are considered to be highly liquid. The Company's short-term investment is held at one financial institution and as such the Company is exposed to the risks of that financial institution.

4. Amounts receivable

	July 31, 2019	April 30, 2019
Taxes receivable	\$ 1,742	\$ 2,486
Trades receivable	181	394
Sale of Altiplano (Note 6)	1,455	-
Other	142	216
	\$ 3,520	\$ 3,096

5. Inventory

	July 31, 2019	April 30, 2019
Carrying value of inventory:		
Doré	\$ 732	\$ 467
Work-in-process	237	130
Stockpile	47	53
Supplies	873	838
	\$ 1,889	\$ 1,488

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

July 31, 2019

6. Mining interest, plant and equipment

	Mining Interest	Plant and Equipment Mining	Plant and Equipment Altiplano	Corporate Office Equipment	Total
Cost					
Balance, April 30, 2018	64,358	23,176	6,654	692	94,880
Additions	1,338	1,055	92	25	2,510
Impairment write-down	-	-	(5,576)	(2)	(5,578)
Effect of foreign exchange	2,734	1,238	876	-	4,848
Balance, April 30, 2019	68,430	25,469	2,046	715	96,660
Additions	304	122	-	7	433
Sale of Altiplano	-	-	(2,004)	-	(2,004)
Effect of foreign exchange	(1,349)	(502)	(42)	-	(1,893)
Balance, July 31, 2019	\$ 67,385	\$ 25,089	\$ -	\$ 722	\$ 93,196
Depreciation					
Balance, April 30, 2018	\$ 40,312	\$ 11,919	\$ 650	\$ 523	\$ 53,404
Depreciation for the year	1,923	1,768	118	90	3,899
Impairment write-down	-	-	(774)	-	(774)
Effect of foreign exchange	1,701	806	6	-	2,513
Balance, April 30, 2019	43,936	14,493	-	613	59,042
Depreciation for the period	324	517	-	22	863
Impairment write-down	-	-	-	-	-
Effect of foreign exchange	(804)	(291)	-	-	(1,095)
Balance, July 31, 2019	\$ 43,456	\$ 14,719	\$ -	\$ 635	\$ 58,810
Carrying amounts					
Balance, April 30, 2019	\$ 24,494	\$ 10,976	\$ 2,046	\$ 102	\$ 37,618
Balance, July 31, 2019	\$ 23,929	\$ 10,370	\$ -	\$ 87	\$ 34,386

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 Mexican Pesos ("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 year ended April 30, 2017 and a gain of \$7,128 was reported on the Statement of Operations and Comprehensive Income (Loss). During the prior year ending April 30, 2019, the Company received MXN\$ 15,000,000 (\$1,027) and interest of MXN\$ 2,300,000 (\$159) on 6 ha of the remaining 14 ha of parcels to be paid. The Company did not anticipate receiving any additional funds for the sale of this property and therefore has made an allowance for the remaining receivable of \$441 to the Statements of Operations and Comprehensive Income (Loss).

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July 31, 2019

6. Mining interest, plant and equipment – (cont'd)

Sale of 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 for the Altiplano Plant, which is a facility which processes third party gold and silver concentrate in Matehuala, Mexico owned by Cortez subsidiary Altiplano.

During the year ended April 30, 2019, management determined that the capital requirements of the Altiplano facility for inventory and operations, did not justify the continuation of these operations until the Company had sufficient excess working capital to support the operations of Altiplano and plant operations were suspended.

During the period ending July 31, 2019, the Company received and accepted an offer to purchase 100% of the shares of Altiplano for US\$1.6 million. The stock purchase agreement, dated July 5, 2019, requires the payment of the US\$1.6 million in installments to May, 2020 as to US\$0.5 million on closing, US\$0.5 million on August 31, 2019, and US\$0.2 million each 3 months from November 30, 2019 to May 31, 2020. As a result, management decided to write down the plant and land at April 30, 2019 to US \$1,600, less estimated selling costs of \$100. The Company recorded an impairment of \$4,804 to the Statements of Operations and Comprehensive Income (Loss) during the year ended April 30, 2019. The first payment on sale of Altiplano of US\$0.5 million was received on July 26, 2019. On August 31, 2019, the Company received the second payment of US\$0.5 million. Remaining operating working capital amounts of Altiplano of \$36 have been expensed to the income statement in the current period.

7. 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) *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 on the property by October 19, 2018 (incurred) as agreed by MinQuest.

Annual payments commencing October 19, 2018 are \$60 (paid), \$80, \$100, \$120, \$140 and \$400 respectively. 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.

ii) *Lone Ranch, U.S.A*

The Company acquired the right to a 100% undivided interest, in 73 mining claims located in Ferry County, Washington State, United States of America. During the prior year ended April 30, 2019, management has decided to abandon the property and all costs associated with this property have been written off in the Statements of Operations and Comprehensive Income (Loss).

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7. Exploration and evaluation assets – (cont'd)**b) Creston Moly (“Creston”) properties**

Pursuant to the Acquisition of Creston the Company has acquired the rights to three exploration properties as follows:

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 owned 100% of the 44 mineral claims of the Moly Brook molybdenum property, located on the southern coast of Newfoundland. During the prior year ended April 30, 2019 the Company decided to let the claims lapse on this property.

	AJC Properties	Creston Properties	Total
Acquisition costs:			
Balance, April 30, 2019 and July 31, 2019	\$ 36	\$ 2,001	\$ 2,037
Exploration costs:			
Balance, April 30, 2018	\$ 1,809	\$ 1,331	\$ 3,140
Geological	22	1	23
Maintenance	121	273	394
Property Disposition	(82)	-	(82)
Recovery of property cost	(32)	-	(32)
Foreign Exchange	22	9	31
Balance, April 30, 2019	\$ 1,860	\$ 1,614	\$ 3,474
Maintenance	1	134	135
Foreign Exchange	-	(9)	(9)
Balance, July 31, 2019	\$ 1,861	\$ 1,739	\$ 3,600
Total Exploration and evaluation assets			
Balance, April 30, 2019	\$ 1,896	\$ 3,615	\$ 5,511
Balance, July 31, 2019	\$ 1,897	\$ 3,740	\$ 5,637

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8. Loans payable

On June 18, 2018, the Company completed a private placement of secured bonds in the aggregate principal amount of \$3,000 (the “Bonds”) less structuring and finder’s fees of \$60 cash and \$171 attributed to finders warrants, totaling \$231 (the “Discount”). 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 Company determined a value of \$171 on the warrants, which was included in the Discount, based on the Black-Scholes model with the following assumptions:

Stock price	\$0.17
Exercise price	\$0.20
Dividend rate	0%
Expected Life	3 years
Expected annual volatility	56%
Risk-free rate	1.45%

During the year ended April 30, 2018, the Company secured \$1,282 (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.

Changes to the loans payable balance during the year ending April 30, 2019 and the period ending July 31, 2019 are as follows:

	Principal	Interest	Discount	Total
Balance, April 30, 2018	1,282	52	-	1,334
Financing, June 18, 2018	3,000	-	(231)	2,769
Discount	-	-	101	101
Interest accrual	-	325	-	325
Foreign exchange adjustment	59	-	-	59
Balance, April 30, 2019	4,341	377	(130)	4,588
Discount	-	-	29	29
Interest paid on bond	-	(240)	-	(240)
Interest accrual	-	90	-	90
Foreign exchange adjustment	(26)	-	-	(26)
Balance, July 31, 2019	\$ 4,315	\$ 227	\$ (101)	\$ 4,441

	July 31, 2019	April 30, 2019
Current	\$ 4,441	\$ 1,507
Non-Current	\$ -	\$ 3,081
	\$ 4,441	\$ 4,588

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9. Rehabilitation and closure cost provision

The Company's asset retirement obligations consist of reclamation and closure costs for the mine. At July 31, 2019, the present value of obligations is estimated at \$1,230 (April 30, 2019 - \$1,254) based on expected undiscounted cash-flows at the end of the mine life of MXN\$18,095 or \$1,252 (April 30, 2019 - \$1,278), which is calculated annually over 5 to 10 years. Such liability was determined using a discount rate of 8% (April 30, 2019 - 8%) and an inflation rate of 3.5% (April 30, 2019 - 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:

	July 31, 2019	April 30, 2019
Balance, beginning of period	\$ 1,254	\$ 1,162
Accretion expense	23	90
Foreign exchange fluctuation	(47)	2
	\$ 1,230	\$ 1,254

10. Share capital

a) Common shares

The Company is authorized to issue an unlimited number of common shares, issuable in series.

The holders of common shares are entitled to one vote per share at meetings of the Company and to receive dividends, which may be declared from time-to-time. All shares are ranked equally with regard to the Company's residual assets.

During the period ended July 31, 2019, the Company did not issue any common shares.

b) Warrants

A summary of the Company's outstanding share purchase warrants at July 31, 2019 and April 30, 2019 and the changes during the period ended is presented below:

	Number of warrants	Weighted average exercise price
Outstanding at April 30, 2018	250,000	\$ 0.30
Warrants issued	3,000,000	0.20
Outstanding at April 30, 2019 July 31, 2019	3,250,000	\$ 0.21

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10. Share capital – (cont'd)

b) Warrants – (cont'd)

During the year ending April 30, 2019, the Company issued 3,000,000 warrants exercisable at \$0.20 expiring June 18, 2021. These warrants were issued in conjunction with the issuance of the Bond (see note 8).

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
3,000,000	\$0.20	June 18, 2021
3,250,000	\$0.21	

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, which are still outstanding, for the periods ending July 31, 2019 and April 30, 2018:

	Number of Shares	Weighted Average Exercise Price
Balance at April 30, 2018	948,750	\$0.88
Forfeited/expired	(948,750)	0.88
Outstanding and Exercisable at April 30, 2019 and July 31, 2019	-	\$ -

During the year ended April 30, 2019, 948,750 options exercisable at \$0.88 expired unexercised.

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10. Share capital – (cont'd)

d) Deferred Share Units (“DSU”) & Restricted Share Units (“RSU”)

Effective August 1, 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. 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 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:

	Units
Outstanding at April 30, 2018	1,241,250
Expired	(58,750)
Exercised	(117,500)
Cancelled	(33,125)
Outstanding at April 30, 2019	1,031,875
Expired	(199,375)
Outstanding at July 31, 2019	832,500

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 previously granted RSU’s have been valued at fair value of \$0.12 per share. The liability portion for the period ended July 31, 2019 is \$58 (April 30, 2019 - \$33) which has been included under Trades and Other Payables on the Statement of Financial Position. No RSU’s were granted in the current fiscal year.

Subsequent to July 31, 2019, 222,500 RSU’s were vested and paid out for cash of \$27 and 280,000 RSU’s that had vested expired unpaid.

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:

	Units
Outstanding at April 30, 2018, April 30, 2019 and July 31, 2019	1,010,000

Based on the fair value of \$0.12 per share, the Company has recorded a liability of \$93 under Trades and Other Payable on the Statement of Financial Position. No DSU’s were granted in the current year.

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11. Financial instruments

All significant financial assets, financial liabilities and equity instruments of the Company are either recognized or disclosed in the consolidated financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk. Cash and short-term investments 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.

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 July 31, 2019, the Company had the following financial assets and liabilities denominated in CAD and denominated in MXN\$:

	CAD		MXN\$	
Cash	\$	854	\$	7,493
Other working capital amounts - net		(185)		16,463
Long-term liabilities	\$	(3,005)	\$	-

At July 31, 2019, US dollar amounts were converted at a rate of \$1.3151 Canadian dollars to \$1 US dollar and MXN\$ were converted at a rate of MXN\$19.00 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 \$13. A 10% increase or decrease in the MXN\$ exchange rate will decrease or increase annual earnings from mining operations by approximately \$5.

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.

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11. Financial instruments – (cont’d)

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 July 31, 2019 is \$2,021 (April 30, 2019 - \$2,549).

Cash of \$841 (April 30, 2019 - \$349) are held at a Mexican financial institution, cash of \$554 (April 30, 2019 – \$1,037) is held at a US financial institution and the remainder of \$626 (April 30, 2019 - \$151) and the cash equivalent of \$nil (April 30, 2019 - \$1,011) 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 \$1,713 (April 30, 2019 - \$2,462) and GST receivable of \$29 (April 30, 2019 - \$24), which are subject to review by the respective tax authority.

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 July 31, 2019, the Company was holding cash of \$2,021 (April 30, 2019- \$2,549).

Obligations due within twelve months of July 31,	2019	2020	2021	2022 and beyond
Trade and other payables	\$ 2,344	\$ -	\$ -	\$ -
Short-term portion of loan payable	4,441	-	-	-
Reclamation and closure obligations	\$ -	\$ -	\$ -	\$ 1,230

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 \$639 in revenue and net income.

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12. Commitments and Related party transactions

Except as disclosed elsewhere in these interim condensed consolidated financial statements, the Company has the following commitments outstanding at July 31, 2019:

- a) As at July 31, 2019, 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 July 31, 2019, the Company has a land lease agreement commitment with respect to the land at the mine site, for \$132 per year which is currently being renegotiated. 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).
- c) As at July 31, 2019, the Company has management contracts to officers and directors totaling \$450 per year, payable monthly, expiring in April 2022 and US\$236 per year, payable monthly, expiring in August 2021.

13. Capital disclosures

The Company's objective when managing capital is to safeguard the Company's ability to continue as a 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 period ended July 31, 2019.

14. Earnings per share

The Company calculates the basic and diluted income per common share using the weighted average number of common shares outstanding during each period and the diluted income 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 per share, being the weighted average number of common shares, is calculated as follows:

	For the three months ended	
	July 31,	
	2019	2018
Basic and Diluted weighted average common shares- Beginning and End of period	49,646,851	49,646,851

As at July 31, 2019 and April 30, 2019, all stock options and warrants outstanding were excluded from dilutive weighted average shares outstanding as they were anti-dilutive.

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15. Segmented information

The Company operates in three reportable geographical and one operating segment. Selected financial information by geographical segment is as follows:

	Mexico					Canada	USA	July 31, 2019
	Bernal	Cortez/ Altiplano	Other	Total				Total
Revenue								
Mined Ore	\$ 6,389	\$ -	\$ -	\$ 6,389	\$ -	\$ -		\$ 6,389
Cost of sales:								
Mined Ore	(5,536)	-	-	(5,536)	-	-		(5,536)
Depreciation	(803)	-	-	(803)	-	-		(803)
Earnings from operations	50	-	-	50	-	-		50
Corporate costs and taxes	(172)	(9)	(7)	(188)	(665)	8		(845)
Sale of Altiplano	-	(36)	-	(36)	-	-		(36)
Mining interest, plant and equipment	34,298	-	-	34,298	88	-		34,386
Non-Current Assets	38,037	-	3,186	41,223	2,999	2,062		46,284
Total assets	\$ 42,980	\$ 102	\$ 3,572	\$ 46,654	\$ 5,382	\$ 2,116		\$ 54,152
	Mexico					Canada	USA	July 31, 2018
	Bernal	Cortez/ Altiplano	Other	Total				Total
Revenue								
Mined Ore	\$ 7,350	\$ -	\$ -	\$ 7,350	\$ -	\$ -		\$ 7,350
Purchase Concentrate	192	3,081	-	3,273	-	-		3,273
Cost of sales:								
Mined Ore	(5,751)	-	-	(5,751)	-	-		(5,751)
Purchase Concentrate	(101)	(3,068)	-	(3,169)	-	-		(3,169)
Depreciation	(940)	(90)	-	(1,030)	-	-		(1,030)
Earnings (loss) from operations	750	(77)	-	673	-	-		673
Mining interest, plant and equipment	35,747	6,068	-	41,815	159	-		41,974
Non-Current Assets	41,230	6,068	3,187	50,485	3,070	2,020		55,575
Total assets	48,329	8,534	3,497	60,360	5,789	2,153		68,302

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15. Segmented information – (cont'd)

During the period ended July 31, 2019, the Company earned all of its revenues from one customer. As at July 31, 2019, the Company does not consider itself to be economically dependent on this customer as transactions with this party can be easily replaced by transactions with other parties on similar terms and conditions. The balance owing from this customer on July 31, 2019 was \$181 (April 30, 2019 - \$514).