

Starcore International Mines Ltd.

Condensed Interim Consolidated Financial Statements

For the nine months ended January 31, 2020

(Unaudited)

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

The unaudited condensed interim consolidated financial statements for the nine months ended January 31, 2020 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	January 31, 2020	April 30, 2019
Assets		
Current		
Cash and cash equivalents (note 3)	\$ 2,671	\$ 2,549
Amounts receivable (note 4)	2,143	3,096
Inventory (note 5)	1,917	1,488
Prepaid expenses and advances	407	379
Total Current Assets	7,138	7,512
Non-Current		
Mining interest, plant and equipment (note 6)	33,912	37,618
Exploration and evaluation assets (note 7)	5,930	5,511
Reclamation deposits	165	165
Deferred tax assets	6,107	6,199
Total Non-Current Assets	46,114	49,493
Total Assets	\$ 53,252	\$ 57,005
Liabilities		
Current		
Trade and other payables	\$ 2,183	\$ 3,399
Current portion of loans payable (note 8)	4,458	1,507
Total Current Liabilities	6,641	4,906
Non-Current		
Loans payable (note 8)	-	3,081
Rehabilitation and closure cost provision (note 9)	1,428	1,254
Deferred tax liabilities	8,214	8,728
Total Non-Current Liabilities	9,642	13,063
Total Liabilities	\$ 16,283	\$ 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	January 31, 2020	April 30, 2019
Equity		
Share capital (note 10)	\$ 50,725	\$ 50,725
Equity reserve	11,349	11,349
Foreign currency translation reserve	2,639	2,835
Accumulated deficit	(27,744)	(25,873)
Total Equity	36,969	39,036
Total Liabilities and Equity	\$ 53,252	\$ 57,005

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		For the nine months ended	
	January 31,		January 31,	
	2020	2019	2020	2019
Revenues				
Mined ore	\$ 6,275	\$ 6,523	\$ 18,468	\$ 20,176
Purchased concentrate	-	41	-	5,722
Total Revenues	6,275	6,564	18,468	25,898
Cost of Sales				
Mined ore	(4,182)	(5,602)	(14,918)	(16,952)
Purchased concentrate	-	(157)	-	(5,861)
Depreciation and depletion	(824)	(936)	(2,451)	(2,924)
Total Cost of Sales	(5,006)	(6,695)	(17,369)	(25,737)
Earnings (loss) from mining operations	1,269	(131)	1,099	161
Financing costs (note 8)	(150)	(145)	(421)	(124)
Foreign exchange loss	(156)	(256)	(233)	(62)
Management fees and salaries	(335)	(476)	(904)	(1,115)
Office and administration	(197)	(233)	(725)	(932)
Professional and consulting fees	(238)	(46)	(736)	(491)
Property investigation costs	-	-	-	(53)
Shareholder relations	(137)	(49)	(199)	(210)
Transfer agent and regulatory fees	(38)	(13)	(61)	(67)
Earnings (loss) before taxes and other losses	18	(1,349)	(2,180)	(2,893)
Other Losses				
Sale of Altiplano (note 6)	-	-	(39)	-
Allowance for receivables (note 6)	-	-	-	(441)
Impairment of plant and equipment (note 6)	-	-	-	(5,943)
Disposal of E&E assets (note 7)	-	-	-	(82)
Total other losses	-	-	(39)	(6,466)
Earnings (loss) before taxes	18	(1,349)	(2,219)	(9,359)
Income tax recovery (expense)				
Deferred	4	(68)	348	(565)
Earnings (loss) for the period	22	(1,417)	(1,871)	(9,924)
Other comprehensive income (loss)				
Foreign currency translation differences	130	280	(196)	867
Comprehensive income (loss) for the period	\$ 152	\$ (1,137)	\$ (2,067)	\$ (9,057)
Basic earnings loss per share (Note 14)	\$ 0.00	\$ (0.03)	\$ (0.04)	\$ (0.20)
Diluted loss per share (Note 14)	\$ 0.00	\$ (0.03)	\$ (0.04)	\$ (0.20)

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 nine months ended January 31,	2020	2019
Cash provided by		
Operating activities		
Loss for the period	\$ (1,871)	\$ (9,924)
Items not involving cash:		
Depreciation and depletion (note 6)	2,541	2,991
Discount on long-term debt (note 8)	87	(41)
Interest on long-term debt (note 8)	259	237
Income expense/ (recovery)	(348)	565
Interest revenue	-	(15)
Sale of Altiplano (note 6)	39	-
Rehabilitation and closure cost accretion (note 9)	80	63
Share-based payments (note 10)	43	(41)
Allowance for receivables (note 6)	-	441
Disposal of E&E asset (note 7)	-	82
Impairment of plant and equipment (note 6)	-	5,444
Cash inflow (outflow) from operating activities before working capital changes	830	(198)
Change in non-cash working capital items:		
Amounts receivable	1,375	(1,695)
Inventory	(413)	1,877
Prepaid expenses and advances	(24)	(62)
Trade and other payables	(1,324)	(1,492)
Cash inflow (outflow) for operating activities	444	(1,570)
Financing activities		
Advance on long-term loan payable (note 8)	-	3,000
Interest paid	(458)	-
Cash inflow (outflow) for financing activities	(458)	3,000
Investing activities		
Investment in exploration and evaluation assets (note 7)	(424)	(245)
Purchase of mining interest, plant and equipment (note 6)	(1,431)	(1,837)
Proceeds from sale of Altiplano (note 6)	1,589	-
Proceeds from disposition of San Pedrito (note 6)	-	1,037
Purchase of short-term investments (note 3)	-	(1,250)
Interest received from sale of San Pedrito	-	159
Cash outflow for investing activities	(266)	(2,136)
Total decrease in cash	(280)	(706)
Effect of foreign exchange rate changes on cash	402	(199)
Cash, beginning of period	2,549	2,321
Cash, end of period	\$ 2,671	\$ 1,416

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 January 31, 2020 and 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	-	-	-	867	-	867
Loss for the period	-	-	-	-	(9,924)	(9,924)
Balance, January 31, 2019	49,646,851	50,725	11,178	2,101	(23,993)	40,011
Warrants issued (note 8)	-	-	171	-	-	171
Foreign currency translation differences	-	-	-	734	-	734
Loss for the period	-	-	-	-	(1,880)	(1,880)
Balance, April 30, 2019	49,646,851	50,725	11,349	2,835	(25,873)	39,036
Foreign currency translation differences	-	-	-	(196)	-	(196)
Loss for the period	-	-	-	-	(1,871)	(1,871)
Balance, January 31, 2020	49,646,851	\$ 50,725	\$ 11,349	\$ 2,639	\$ (27,744)	\$ 36,969

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

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

January 31, 2020

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 subsidiary, 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 the 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 nine month period ended January 31, 2020, 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 statements.

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 March 10, 2020.

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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January 31, 2020

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 January 31, 2020, the Company's Guaranteed Investment Certificate ("GIC") had a market value of \$nil (April 30, 2019 - \$1,011).

4. Amounts Receivable

	January 31, 2020	April 30, 2019
Taxes receivable	\$ 1,290	\$ 2,486
Trades receivable	217	394
Sale of Altiplano (Note 6)	526	-
Other	110	216
	\$ 2,143	\$ 3,096

5. Inventory

	January 31, 2020	April 30, 2019
Carrying value of inventory:		
Doré	\$ 829	\$ 467
Work-in-process	224	130
Stockpile	13	53
Supplies	851	838
	\$ 1,917	\$ 1,488

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

January 31, 2020

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	660	762	-	9	1,431
Sale of Altiplano	-	-	(2,016)	-	(2,016)
Effect of foreign exchange	(974)	(362)	(30)	-	(1,366)
Balance, January 31, 2020	\$ 68,116	\$ 25,869	\$ -	\$ 724	\$ 94,709
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	1,037	1,441	-	63	2,541
Impairment write-down	-	-	-	-	-
Effect of foreign exchange	(579)	(207)	-	-	(786)
Balance, January 31, 2020	\$ 44,394	\$ 15,727	\$ -	\$ 676	\$ 60,797
Carrying amounts					
Balance, April 30, 2019	\$ 24,494	\$ 10,976	\$ 2,046	\$ 102	\$ 37,618
Balance, January 31, 2020	\$ 23,722	\$ 10,142	\$ -	\$ 48	\$ 33,912

Sale of Altiplano Facility

On August 5, 2015, the Company acquired Cortez Gold Corp. ("Cortez") in an all-share transaction completed pursuant to a court approved Plan of Arrangement under the Business Corporations Act (British Columbia). Cortez, through its subsidiary, Altiplano, owns and manages the Altiplano facility which processes third party gold and silver concentrate in Matehuala, Mexico.

The Company accepted an offer on July 5, 2019, to purchase 100% of the shares of Altiplano for US\$1.6 million. The stock purchase agreement requires the payment of the US\$1.6 million in instalments as to US\$0.5 million on closing (received), US\$0.5 million on August 31, 2019 (received), and US\$0.2 million each 3 months from November 30, 2019 (received first payment) to May 31, 2020. As a result, management has written 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. Remaining working capital amounts of Altiplano of \$39 have been expensed to the income statement in the current period.

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Notes to the Condensed Interim Consolidated Financial Statements
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January 31, 2020

6. Mining Interest, Plant and Equipment – (cont'd)

Sale of San Pedrito

On March 21, 2017, the Company finalized the sale of its San Pedrito Property, a non-core asset located in Queretaro, Mexico for Mexican Pesos (“MXN\$”) 192,784,331 and reported a gain of \$7,128 on the Statement of Operations and Comprehensive Income (Loss) during the year ended April 30, 2017. During the prior year ending April 30, 2018, 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 and made an allowance for the remaining receivable of \$441 to the Statements of Operations and Comprehensive Income (Loss).

7. Exploration and Evaluation Assets

a) American Consolidated Minerals (“AJC”) properties

Pursuant to the Acquisition of AJC, the Company has acquired the rights to 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 15, 2018) and the Company must incur total exploration expenditures of USD\$1,025 on the property by October 15, 2018 (incurred) as agreed by MinQuest. Annual payments commencing October 15, 2018 are \$60 (paid), \$80 (paid), \$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).

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.

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January 31, 2020

7. Exploration and Evaluation Assets – (cont'd)

b) Creston Moly (“Creston”) properties – (cont'd)

ii) *Ajax Project, Canada*

The Company acquired a 100% interest in six mineral claims known as the Ajax molybdenum property located in B.C.

	AJC Properties	Creston Properties	Total
Acquisition costs:			
Balance, January 31, 2020 and April 30, 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	145	279	424
Foreign Exchange	-	(5)	(5)
Balance, January 31, 2020	\$ 2,005	\$ 1,888	\$ 3,893
Total Exploration and evaluation assets			
Balance, April 30, 2019	\$ 1,896	\$ 3,615	\$ 5,511
Balance, January 31, 2020	\$ 2,041	\$ 3,889	\$ 5,930

8. Loan 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 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:

Starcore International Mines Ltd.
Notes to the Condensed Interim Consolidated Financial Statements
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January 31, 2020

8. Loan Payable – (cont'd)

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 interest on the loan was paid to the lender on October 25, 2019, and the lender agreed to extend the loan for additional 6 months to April 25, 2020.

Changes to the loans payable balance during the year ending April 30, 2019 and the period ending January 31, 2020 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	-	-	87	87
Interest paid	-	(458)	-	(458)
Interest accrual	-	259	-	259
Foreign exchange adjustment	(18)	-	-	(18)
Balance, January 31, 2020	\$ 4,323	\$ 178	\$ (43)	\$ 4,458

	January 31, 2020	April 30, 2019
Current	\$ 4,458	\$ 1,507
Non-Current	\$ -	\$ 3,081
	\$ 4,458	\$ 4,588

9. Rehabilitation and Closure Cost Provision

The Company’s asset retirement obligations consist of reclamation and closure costs for the mine. At January 31, 2020, the present value of obligations is estimated at \$1,428 (April 30, 2019 - \$1,254) based on expected undiscounted cash-flows at the end of the mine life of MXN\$20,650 or \$1,444 (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.

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

January 31, 2020

9. Rehabilitation and Closure Cost Provision – (cont'd)

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

	January 31, 2020	April 30, 2019
Balance, beginning of period	\$ 1,254	\$ 1,162
Accretion expense	80	90
Foreign exchange fluctuation	94	2
	\$ 1,428	\$ 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 January 31, 2020, the Company did not issue any common shares.

b) Warrants

A summary of the Company's outstanding share purchase warrants at January 31, 2020 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 January 31, 2020	3,250,000	\$ 0.21

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

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

January 31, 2020

10. Share Capital – (cont'd)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 January 31, 2020, April 30, 2019 and 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 January 31, 2020	-	\$ -

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

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
Exercised	(222,500)
Expired	(479,375)
Outstanding at January 31, 2020	330,000

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

January 31, 2020

10. Share Capital – (cont'd)

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

Management has determined that 50% of the RSU’s will be deemed payable on the vesting dates based on current performance criteria measures. As such only 50% of the RSU’s have been valued at fair value of \$0.11 per share. The liability portion for the year ended January 31, 2020 is \$36 (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.

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 January 31, 2020	1,010,000

Based on the fair value of \$0.11 per share, the Company has recorded a liability of \$109 under Trades and Other Payable on the Statement of Financial Position.

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 January 31, 2020, the Company had the following financial assets and liabilities denominated in CAD and denominated in MXN\$:

	CAD	MXN\$
Cash	\$ 1,271	\$ 1,191
Other working capital amounts - net	(7)	5,226
Long-term liabilities	\$ (3,109)	-

At January 31, 2020, US dollar amounts were converted at a rate of \$1.3224 Canadian dollars to \$1 US dollar and MXN\$ were converted at a rate of MXN\$18.9059 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 \$286. A 10% increase or decrease in the MXN\$ exchange rate will decrease or increase annual earnings from mining operations by approximately \$112.

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11. Financial Instruments – (cont'd)

b) Interest Rate Risk

The Company's cash earns interest at variable interest rates. While fluctuations in market rates do not have a material impact on the fair value of the Company's cash flows, future cash flows may be affected by interest rate fluctuations. The Company is not significantly exposed to interest rate fluctuations and interest rate risk consists of two components:

- (i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
- (ii) To the extent that changes in prevailing market interest rates differ from the interest rates in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

c) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk with respect to its cash and short-term investments, the balance of which at January 31, 2020 is \$2,671 (April 30, 2019 - \$2,549).

Cash of \$350 (April 30, 2019 - \$349) are held at a Mexican financial institution, cash of \$2,023 (April 30, 2019 - \$1,038) is held at a US financial institution and the remainder of \$298 (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 \$1,212 (April 30, 2019 - \$2,462) and GST receivable of \$78 (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 January 31, 2020, the Company was holding cash of \$2,671 (April 30, 2019- \$2,549).

Obligations due within twelve months of January 31,	2020	2021	2022	2023 and beyond
Trade and other payables	\$ 2,183	\$ -	\$ -	\$ -
Loan payable	4,458	-	-	-
Reclamation and closure obligations	\$ -	\$ -	\$ -	\$ 1,444

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.

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11. Financial Instruments – (cont'd)

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 \$1,847 in revenue and net income.

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 January 31, 2020:

- a) As at January 31, 2020, the Company has shared lease commitments for office space of approximately \$144 per year, expiring at various dates up to April 2025, which includes minimum lease payments and estimated taxes, but excluded operating costs, taxes and utilities, to expiry.
- b) As at January 31, 2020, 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 \$260 per year increasing over the next 5 years for the AJC properties (see Note 9).
- c) As at January 31, 2020, 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 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 January 31, 2020.

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 as 49,646,851 shares for all periods. As at January 31, 2020 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	January 31, 2020
	Bernal	Cortez/ Altiplano	Other	Total				Total
Revenue								
Mined Ore	\$ 18,468	\$ -	\$ -	\$ 18,468	\$ -	\$ -	\$ -	\$ 18,468
Cost of sales:								
Mined Ore	(14,918)	-	-	(14,918)	-	-	-	(14,918)
Depreciation	(2,451)	-	-	(2,451)	-	-	-	(2,451)
Earnings from operations	1,099	-	-	1,099	-	-	-	1,099
Corporate costs and taxes	(947)	(30)	(46)	(1,023)	(1,907)	(1)	(1)	(2,931)
Sale of Altiplano	-	(39)	-	(39)	-	-	-	(39)
Mining interest, plant and equipment	33,864	-	-	33,864	48	-	-	33,912
Non-Current Assets	37,762	-	3,186	40,948	2,960	2,206	-	46,114
Total assets	\$ 42,598	\$ 43	\$ 3,525	\$ 46,166	\$ 4,870	\$ 2,216	\$ -	\$ 53,252
	Mexico					Canada	USA	January 31, 2019
	Bernal	Cortez/ Altiplano	Other	Total				Total
Revenue								
Mined Ore	\$ 20,160	\$ -	\$ 16	\$ 20,176	\$ -	\$ -	\$ -	\$ 20,176
Purchase Concentrate	1,628	4,094	-	5,722	-	-	-	5,722
Cost of sales:								
Mined Ore	(16,952)	-	-	(16,952)	-	-	-	(16,952)
Purchase Concentrate	(1,545)	(4,316)	-	(5,861)	-	-	-	(5,861)
Depreciation	(2,809)	(115)	-	(2,924)	-	-	-	(2,924)
Earnings (loss) from operations	482	(337)	16	161	-	-	-	161
Impairment of mining assets	-	(5,943)	-	(5,943)	-	-	-	(5,943)
Mining interest, plant and equipment	35,402	526	1	35,929	118	-	-	36,047
Non-Current Assets	40,641	526	3,187	44,354	3,030	2,060	-	49,444
Total assets	46,423	722	3,418	50,563	4,784	2,086	-	57,433

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15. Segmented Information – (cont'd)

During the period ended January 31, 2020, the Company earned all of its revenues from one customer. As at January 31, 2020, 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 January 31, 2020 was \$217 (April 30, 2019 - \$514).