Starcore International Mines Ltd.

Condensed Interim Consolidated Financial Statements

For the nine months ended January 31, 2022

(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, 2022 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, 2022		April 30, 2021
Assets				
Current				
Cash and cash equivalents	**$**	**5,453**	$	4,392
Amounts receivable (note 3)		**1,392**		1,170
Inventory (note 4)		**1,841**		1,781
Prepaid expenses and advances		**410**		367
Investment (note 5)		**533**		779
Total Current Assets		**9,629**		8,489
Non-Current				
Mining interest, plant and equipment (note 6)		**29,478**		29,404
Right-of-use assets (note 8)		**592**		979
Exploration and evaluation assets (note 7)		**4,992**		4,088
Reclamation deposits		**-**		165
Deferred tax assets		**3,410**		3,346
Total Non-Current Assets		**38,472**		37,982
Total Assets	**$**	**48,101**	$	46,471
Liabilities				
Current				
Trade and other payables	**$**	**2,424**	$	2,213
Current portion of lease liability (note 8)		**445**		447
Total Current Liabilities		**2,869**		2,660
Non-Current				
Rehabilitation and closure cost provision (note 10)		**2,094**		1,952
Lease liability (note 8)		**184**		500
Deferred tax liabilities		**5,518**		5,079
Total Non-Current Liabilities		**7,796**		7,531
Total Liabilities	**$**	**10,665**	$	10,191

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, 2022		April 30, 2021
Equity				
Share capital (note 11)	**$**	**50,725**	$	50,725
Equity reserve		**11,349**		11,349
Foreign currency translation reserve		**1,746**		816
Accumulated deficit		**(26,384)**		(26,610)
Total Equity		**37,436**		36,280
Total Liabilities and Equity	**$**	**48,101**	$	46,471

Subsequent events (notes 7 and 11)
Commitments (note 13)

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 January 31, 2022	2021	For the nine months ended January 31, 2022	2021
Revenues				
Mined ore	**$ 5,387**	$ 6,614	**$ 18,220**	$ 21,676
Cost of Sales				
Mined ore	**(4,117)**	(4,440)	**(12,394)**	(12,308)
Depreciation and depletion	**(850)**	(938)	**(2,476)**	(2,981)
Total Cost of Sales	**(4,967)**	(5,378)	**(14,870)**	(15,289)
Earnings from mining operations	**420**	1,236	**3,350**	6,387
Financing costs	**(47)**	(29)	**(134)**	(123)
Foreign exchange loss	**72**	(26)	**93**	(625)
Management and director fees and salaries	**(226)**	(205)	**(916)**	(823)
Office and administration	**(310)**	(183)	**(576)**	(573)
Professional and consulting fees	**(174)**	(157)	**(554)**	(484)
Pre exploration costs	**-**	(8)	**(25)**	(24)
Shareholder relations	**(176)**	(74)	**(461)**	(166)
Transfer agent and regulatory fees	**(19)**	(21)	**(57)**	(65)
Earnings (loss) before other losses and taxes	**(460)**	533	**720**	3,504
Other Losses				
Unrealized loss on investment (note 5)	**(41)**	-	**(246)**	-
Loss on Toiyabe (note 7)	**(1)**	-	**(40)**	-
Total Other Losses	**(42)**	-	**(286)**	-
Earnings (loss) before taxes	**(502)**	533	**434**	3,504
Income taxes				
Deferred (expense)/recovery	**111**	118	**(208)**	263
Earnings (loss) for the period	**(391)**	651	**226**	3,767
Other comprehensive income (loss)				
Foreign currency translation differences	**755**	(1,354)	**930**	(2,731)
Comprehensive income (loss) for the period	**$ 364**	$ (703)	**$ 1,156**	$ 1,036
Basic earnings (loss) per share (Note 15)	**$ (0.01)**	$ 0.01	**$ 0.00**	$ 0.08
Diluted earnings (loss) per share (Note 15)	**$ (0.01)**	$ 0.01	**$ 0.00**	$ 0.08

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,		2022		2021
Cash provided by				
Operating activities				
Earnings for the period	**$**	**226**	$	3,767
Unrealized loss on investment		**246**		-
Items not involving cash:				
Depreciation and depletion (note 6 and 8)		**2,516**		3,049
Discount on long-term debt		**-**		15
Interest on long-term debt		**-**		23
Deferred Income tax expense (recovery)		**208**		(263)
Lease accretion (note 8)		**48**		-
Reclamation deposit write off		**31**		-
Rehabilitation and closure cost accretion (note 10)		**119**		64
Share-based payments (note 11)		**118**		67
Cash inflow from operating activities before working capital changes		**3,512**		6,722
Change in non-cash working capital items				
Amounts receivable		**(253)**		575
Inventory		**(108)**		119
Prepaid expenses and advances		**(53)**		(175)
Trade and other payables		**185**		(337)
Cash inflow from operating activities		**3,283**		6,904
Financing activities				
Loan payment (note 9)		**-**		(2,999)
Interest paid (note 9)		**-**		(235)
Lease payment and accretion (note 8)		**(386)**		(512)
Cash outflow from financing activities		**(386)**		(3,746)
Investing activities				
Investment in exploration and evaluation assets (note 7)		**(834)**		(294)
Proceeds from reclamation deposit		**134**		-
Purchase of mining interest, plant and equipment (note 6)		**(1,137)**		(967)
Proceeds from sale of Altiplano (note 6)		**-**		269
Cash outflow from investing activities		**(1,837)**		(992)
Total increase in cash		**1,060**		2,166
Effect of foreign exchange rate changes on cash		**1**		(289)
Cash, beginning of period		**4,392**		2,105
Cash, end of period	**$**	**5,453**	$	3,982

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, 2022, 2021 and April 30, 2021
(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, 2020	49,646,851	$ 50,725	$ 11,349	$ 4,732	$ (29,502)	$ 37,304
Foreign currency translation differences	-	-	-	(2,731)	-	(2,731)
Income for the period	-	-	-	-	3,767	3,767
Balance, January 31, 2021	49,646,851	50,725	11,349	2,001	(25,735)	38,340
Foreign currency translation differences	-	-	-	(1,185)	-	(1,185)
Loss for the period	-	-	-	-	(875)	(875)
Balance, April 30, 2021	49,646,851	50,725	11,349	816	(26,610)	36,280
Foreign currency translation differences	-	-	-	930	-	930
Income for the period	-	-	-	-	226	226
Balance, January 31, 2022	49,464,851	**$ 50,725**	**$ 11,349**	**$ 1,746**	**$ (26,384)**	**$ 37,436**

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

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, Compañia Minera Peña de Bernal, S.A. de C.V. ("Bernal"), which owns the San Martin mine in Queretaro, Mexico. In May of 2020, the Company completed the sale of 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, 2022, 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, 2021 audited annual financial statements.

The financial statements were authorized for issue by the Board of Directors on March 14, 2022.

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, 2021 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, 2021 audited annual financial statements.

(in thousands of Canadian dollars unless otherwise stated) - Unaudited

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. Amounts receivable

	January 31, 2022	April 30, 2021
Taxes receivable	$ 1,041	$ 660
Trades receivable	192	380
Other	159	130
	$ 1,392	$ 1,170

4. Inventory

	January 31, 2022	April 30, 2021
Carrying value of inventory:		
Doré	$ 808	$ 889
Goods in transit	82	-
Work-in-process	59	85
Stockpile	30	49
Supplies	862	758
	$ 1,841	$ 1,781

5. Investment

Marketable securities at January 31, 2022 consists of an FVTPL investment in Westward Gold Inc. (formerly IM Exploration Inc.) ("WG") (note 7). At January 31, 2022 the Company held 4,100,000 common shares valued at $0.13 for $533 representing a $246 unrealized loss from the original investment, valued at $779 at April 30, 2021. The fair value of WG has been determined by reference to published price quotations in an active market.

While the Company will seek to maximize the proceeds it receives from the sale of its WG Shares, there is no assurance as to the timing of disposition or the amount that will be realized.

(in thousands of Canadian dollars unless otherwise stated) - Unaudited

6. Mining interest, plant and equipment

		Mining Interest		Plant and Equipment Mining		Corporate Office Equipment		Total
Cost								
Balance, April 30, 2020	$	72,776	$	26,603	$	725	$	100,104
Increase in ARO provision		871		-		-		871
Additions		491		483		-		974
Effect of foreign exchange		(8,637)		(3,129)		-		(11,766)
Balance, April 30, 2021	$	65,501	$	23,957	$	725	$	90,183
Additions		482		647		8		1,137
Effect of foreign exchange		1,934		1,179		-		3,113
Balance, January 31, 2022	$	67,917	$	25,783	$	733	$	94,433
Depreciation								
Balance, April 30, 2020	$	(47,124)	$	(16,987)	$	(691)	$	(64,802)
Depreciation for the year		(1,188)		(2,532)		(17)		(3,737)
Effect of foreign exchange		5,648		2,112		-		7,760
Balance, April 30, 2021		(42,664)		(17,407)		(708)		(60,779)
Depreciation for the period		(815)		(1,287)		(7)		(2,109)
Effect of foreign exchange		(1,457)		(610)		-		(2,067)
Balance, January 31, 2022	$	(44,936)	$	(19,304)	$	(715)	$	(64,955)
Carrying amounts								
Balance, April 30, 2020	$	25,652	$	9,616	$	34	$	35,302
Balance, April 30, 2021	$	22,837	$	6,550	$	17	$	29,404
Balance, January 31, 2022	**$**	**22,981**	**$**	**6,479**	**$**	**18**	**$**	**29,478**

San Martin

The Company’s mining interest, plant and equipment pertain to gold and silver extraction and processing through its San Martin mine.

Sale of Altiplano Facility

In August, 2015, the Company acquired Cortez Gold Corp. in an all-share transaction completed pursuant to a court approved Plan of Arrangement under the Business Corporations Act (British Columbia), which owned Altiplano and its facility, a third party gold and silver concentrate processing plant 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 payable in quarterly installments to May 31, 2020 (full payment received). As a result, the Company recorded an impairment of $4,804 to the Statements of Operations and Comprehensive Loss during the year ended April 30, 2019, and $39 expensed to the income statement in the year ending April 30, 2020.

7. Exploration and evaluation assets

a) American Consolidated Minerals ("AJC") properties

Toiyabe, U.S.A

The Company had the rights to a 100% undivided interest in the Toiyabe Gold Project ("Toiyabe"), subject to a 3% net smelter revenue royalty ("NSR"), consisting of 165 mining claims located in Lander County, Nevada, United States of America.

During the year ended April 30, 2021, the Company entered into a binding agreement with WG for the assignment of the Company's option to acquire a 100% interest in Toiyabe from the Optionor. The Company has transferred all of its rights and WG will assumed all property claim and maintenance payments and all obligations under the current option agreement with Optionor. As consideration for the transfer of the Company's option to acquire Toiyabe, WG made cash and share payments as follows:

- US$150,000 in cash to be paid upon closing of the Transaction (paid);
- 4,100,000 common shares in the capital of WG which were received by our escrow agent and valued at fair market value at date of issue of $0.19 per share (see note 5) subject to a contractual escrow period of twelve (12) months following the date of issuance, with 25% being released every three (3) months from closing of the Transaction (50% has been released with an additional 25% released subsequent to January 31, 2022).

The consideration received in cash and shares was valued at $966 and, as a result, the Company recorded a loss on Toiyabe of $1,116, in the Consolidated Statements of Operations for the year ending April 30, 2021.

b) Creston Moly ("Creston") properties

Pursuant to the Acquisition of Creston the Company has acquired the rights to the following exploration properties:

i) *El Creston Project, Mexico*

The Company acquired a 100% interest in the nine mineral claims known as the El Creston molybdenum property located northeast of Hermosillo, State of Sonora, Mexico, which has completed a Preliminary Economic Assessment on the property based on zones of porphyry-style molybdenum ("Mo")/copper ("Cu") mineralization. The mineral concessions are subject to a 3% net profits interest.

During the period ended January 31, 2022, the Company acquired an additional 3087.77 hectares of the Teocuitla claims from Minera Teocuitla SA de CV of Hermosillo, Sonora, Mexico. The Teocuitla claims are located in Opodepe, Sonora, Mexico beside the El Creston Meztli 4 claim in the northwest part of the El Creston property.

ii) *Ajax Project, Canada*

The Company acquired a 100% interest in six mineral claims known as the Ajax molybdenum property located in British Columbia, Canada.

(in thousands of Canadian dollars unless otherwise stated) - Unaudited

7. Exploration and evaluation assets – (cont'd)

	AJC Properties	Creston Properties	AJAX Properties	Total
Acquisition costs:				
Balance, April 30, 2020	$ 36	$ 2,001	$ -	$ 2,037
Property disposition	(36)	-	-	(36)
Balance, April 30, 2021, January 31, 2022	**$ -**	**$ 2,001**	**-**	**$ 2,001**
Exploration costs:				
Balance, April 30, 2020	$ 2,008	$ 1,931	$ -	$ 3,939
Maintenance	38	260	-	298
Property Disposition	(2,046)	-	-	(2,046)
Foreign Exchange	-	(104)	-	(104)
Balance, April 30, 2021	$ -	$ 2,087	$ -	$ 2,087
Maintenance	-	491	-	491
Exploration	-	285	59	344
Foreign Exchange	-	69	-	69
Balance, January 31, 2022	**$ -**	**$ 2,932**	**59**	**$ 2,991**
Total Exploration and evaluation assets				
Balance, April 30, 2021	$ -	$ 4,088	$ -	$ 4,088
Balance, January 31, 2022	**$ -**	**$ 4,933**	**$ 59**	**$ 4,992**

8. Leases

Effective May 1, 2019, the Company adopted IFRS 16 using the modified retrospective approach. On initial application, the Company has elected to record right-of-use assets based on the corresponding lease liabilities. Lease liabilities have been measured by discounting future lease payments at the incremental borrowing rate of 8% per annum and represents the Company's best estimate of the rate of interest that it would expect to pay to borrow, on a collateralized basis, over a similar term, an amount equal to the lease payments in the current economic environment. On adoption of IFRS 16, the Company recognized lease liabilities in relation its head office in Canada and machinery in Mexico. The following is a reconciliation of the changes in the lease liabilities and assets:

	Starcore	Bernal	**Total**
Opening balance, April 30, 2020	$ 269	$ 1,431	$ 1,700
Lease accretion	20	85	105
Payments	(66)	(658)	(724)
Foreign exchange	-	(134)	(134)
Long term lease liabilities, April 30, 2021	$ 223	$ 724	$ 947
Lease accretion	12	36	48
Payments	(49)	(337)	(386)
Foreign exchange	-	20	20
Long term lease liability, January 31, 2022	$ 186	$ 443	**$ 629**

(in thousands of Canadian dollars unless otherwise stated) - Unaudited

8. Leases – (cont'd)

		January 31, 2022		April 30, 2021
Current	**$**	**445**	$	447
Non-Current	**$**	**184**	$	500
Total	**$**	**629**	$	947

		Office		Mining Equipment		**Total**
Lease asset, April 30, 2020	$	260	$	1,584	$	1,844
Amortization		(52)		(667)		(719)
Foreign exchange		-		(146)		(146)
Lease asset, April 30, 2021	$	208	$	771	$	979
Amortization		(39)		(368)		(407)
Foreign exchange		-		20		20
Lease asset, January 31, 2022	**$**	**169**	**$**	**423**	**$**	**592**

9. Loans payable

Bonds

On June 10, 2020, the Company repaid secured bonds, due June 17, 2020, 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, plus outstanding interest calculated at 8% per annum, for a total payment of $3,234.

On June 18, 2018, the Company issued 3,000,000 warrants to the bond holders as a fee, each warrant entitling the bond holders to acquire one share of Starcore at a price of $0.20, which expired unexercised subsequent to April 30, 2021 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.

Secured Loan

During the year ended April 30, 2018, the Company borrowed $1,282 (USD $1,000) (the "Loan") which was secured against certain assets of the Company and carried 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. On April 25, 2020, the loan amount was repaid along with interest for a total repayment of US$1,040,000.

		Principal		Interest		Discount		Total
Balance, April 30, 2020	$	2,999	$	212	$	(15)	$	3,196
Discount		-		-		15		15
Loan repayment		(2,999)		-		-		(2,999)
Interest paid on bond		-		(235)		-		(235)
Interest accrual		-		23		-		23
Balance, April 30, 2021 and January 31, 2022	$	-	$	-	$	-	**$**	-

(in thousands of Canadian dollars unless otherwise stated) - Unaudited

10. Rehabilitation and closure cost provision

The Company's asset retirement obligations consist of reclamation and closure costs for the mine. At January 31, 2022, the present value of obligations is estimated at $2,094 (April 30, 2021 - $1,952) based on expected undiscounted cash-flows at the end of the mine life of $3,011 (April 30, 2021 - $2,545), which is calculated annually over 5 to 10 years. Such liability was determined using a discount rate of 8% (April 30, 2021 – 8%) and an inflation rate of 3.0% (April 30, 2021 – 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 period are as follows:

	January 31, 2022	April 30, 2021
Balance, beginning of period	**$ 1,952**	$ 1,014
Accretion expense	**119**	85
Increase in provision	**-**	871
Foreign exchange fluctuation	**23**	(18)
Balance, end of period	**$ 2,094**	$ 1,952

11. 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, 2022, the Company did not issue any common shares.

b) Warrants

A summary of the Company's outstanding share purchase warrants at January 31, 2022 and April 30, 2021 and the changes during the period ended is presented below:

	Number of warrants	Weighted average exercise price
Outstanding at April 30, 2020 and April 30, 2021	3,250,000	$ 0.21
Expired	(3,000,000)	0.20
Outstanding at January 31, 2022	250,000	0.30

During the period ending January 31, 2022, no new warrants were issued and 3,000,000 warrants expired unexercised. 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

Subsequent to January 31, 2022, the remaining 250,000 warrants expired unexercised.

(in thousands of Canadian dollars unless otherwise stated) - Unaudited

11. 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 and there were no options outstanding, for the periods ending January 31, 2022, April 30, 2021 and April 30, 2020.

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 each year from date of grant. 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 the grant date 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, 2020	330,000
Expired	(220,000)
Expired	(110,000)
Outstanding at April 30, 2021	-
Granted	1,655,000
Outstanding at January 31, 2022	1,655,000

1,655,000 RSU's were granted in the current period ended January 31, 2022. The RSU's have been valued at fair value of $0.24 per share as at January 31, 2022, and the total fair value of this liability is recorded at $30 (April 30, 2021 - $nil) under Trades and Other Payables on the Statements of Financial Position.

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:

(in thousands of Canadian dollars unless otherwise stated) - Unaudited

11. Share capital – (cont'd)

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

DSU

	Units
Outstanding at April 30, 2019 & 2020	1,010,000
Exercised	(210,000)
Outstanding at April 30, 2021	800,000
Granted	1,725,000
Outstanding at January 31, 2022	2,525,000

Based on the fair value at January 31, 2022 of $0.24 (2021 - $0.24) per share, the Company has recorded a liability of $255 (April 30, 2021 - $192) under Trades and Other Payable on the Statement of Financial Position. 1,725,000 DSU's were granted in the current period ended January 31, 2022. During the prior year end April 30, 2021, 210,000 DSU's were exercised at $0.31 for $65.

12. 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 cash equivalents 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.

A 10% increase or decrease in the US dollar exchange may increase or decrease annual earnings from mining operations by approximately $805. A 10% increase or decrease in the MXN$ exchange rate will decrease or increase annual earnings from mining operations by approximately $335.

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.

(in thousands of Canadian dollars unless otherwise stated) - Unaudited

12. 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 cash equivalents, the balance of which at January 31, 2022 is $5,453 (April 30, 2021 - $4,392).

Cash of $415 (April 30, 2021 - $901) are held at a Mexican financial institution, cash of $4,843 (April 30, 2021 – $2,317) is held in US dollars at Canadian financial institutions and the remainder of $195 (April 30, 2021 - $1,174) are held at chartered Canadian financial institutions; the Company is exposed to the risks of those financial institutions. The taxes receivable are comprised of Mexican VAT taxes receivable of $1,016 (April 30, 2021 - $619) and GST receivable of $25 (April 30, 2021 - $41), which are subject to review by the respective tax authority. Trade receivables include $192 due from one customer.

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, 2022, the Company was holding cash of $5,453 (April 30, 2021- $4,392).

Obligations due within twelve months of January 31,	2022	2023	2024	2025 and beyond
Trade and other payables	$ 2,424	$ -	$ -	$ -
Reclamation and closure obligations	$ -	$ -	$ -	$ 3,011

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 $1,822 in revenue.

13. 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, 2022:

a) 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 concession commitments on the mine site and on exploration and evaluation assets of approximately $700 per year.

b) The Company has management contracts to officers and directors totaling $450 per year, payable monthly, expiring in April 2022, and US$400 per year until December, 2023.

14. 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, 2022.

15. 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 January 31, 2022 and April 30, 2021. As at January 31, 2022 and April 30, 2021, all stock options and warrants outstanding were excluded from dilutive weighted average shares outstanding as they were anti-dilutive.

16. Segmented information

During the period ended January 31, 2022, the Company earned all of its revenues from one customer. As at January 31, 2022, 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, 2022 was $192 (April 30, 2021 - $491). The Company operates in one segment, the revenue is from gold and silver mining in Mexico.