

Annual Report 2013.



STARCORE

INTERNATIONAL
MINES LTD.

TSX:SAM | FK:V4J

Investor Relations: info@starcore.com



Table Of Contents

The Starcore Story	2
Exploration Highlights to 2012/13	3
By the Numbers	4
Three-Pillar Philosophy	5
Sustainability	6
Profitability	11
Operational Efficiency	12
Vision for 2014 and Beyond	14
Message from the President	15
Management Team	16
Consolidated Financial Statements	18
Management Discussion & Analysis	49
Corporate Information	65

“ What we have to date is the sum of everyone’s efforts...from the mine worker who goes underground day in and day out to extract our ore, to the person optimizing the selling price for our gold. It is the sum total of hundreds of people doing their individual tasks, covering each and every aspect of our operations, executing and giving their best. The end result: delivering value to our shareholders and their investment in us.”

Robert Eadie

PRESIDENT AND CEO OF STARCORE INTERNATIONAL MINES LTD.

Annual Report 2013.

The Starcore Story

Seven years after Starcore International's purchase of the gold and silver producing San Martin Mine, the company is thriving and applying a three-pillar philosophy of sustainability, profitability, and operational efficiency to meet its strategic business approaches to deliver shareholder value.

Located 50 km east of the city of Querétaro, and about 250 km northwest of Mexico City, the San Martin Mine has a long and productive history. Noted for its high-grade mineralization in the 18th century, the area was mined over 40 years, although there are no production records from that time. Earliest reports estimate that 250,000 tonnes grading 15g Au/t and 100g Ag/t were extracted between 1900 and 1924.

In 1986, Luismin, a mining company in Mexico, received approval to conduct exploration in the area. Subsequent acquisitions of Luismin by Wheaton River and then Wheaton River by Goldcorp left the San Martin mine under Goldcorp's command. The San Martin Mine was purchased by Starcore International in February 2007 for US \$26 million

This was an exciting acquisition for Starcore, as it was a mine with a history of consistent profitability and a property that had not yet been fully explored. This offered a significant opportunity to expand on already-known reserves and resources.



Mining began in 1993 at San Martin at 300 tpd and the production has increased on a yearly basis to the present rate of 850 tpd with the daily capacity of over 900 tpd. With land holdings totaling 12,992 ha and sufficient proven and probable reserves for two years of operation, this is a property that has the potential to yield positive returns for many more years. The mine has maintained two years of reserves for the past seven years.

The mine is operated by Compania Minera Peña de Bernal, which is a wholly-owned subsidiary of Starcore International. Today, Querétaro's advanced export economy serves as an international manufacturing hub and platform for foreign investment. It also has the reputation as being the safest state to do business in in Mexico from companies which operate there including Bombardier Aerospace, Safran, Eurocopter, and Canada's Héroux-Dvetek.

Exploration Highlights to 2012/13

Guadalupe Vein

Discovered in late 2007, this vein is a sub-parallel vein to San Martin located below level 8. Drilling and lateral development are being used to prove reserves in this area which indicates the potential for other similar structures.

SAM Vein

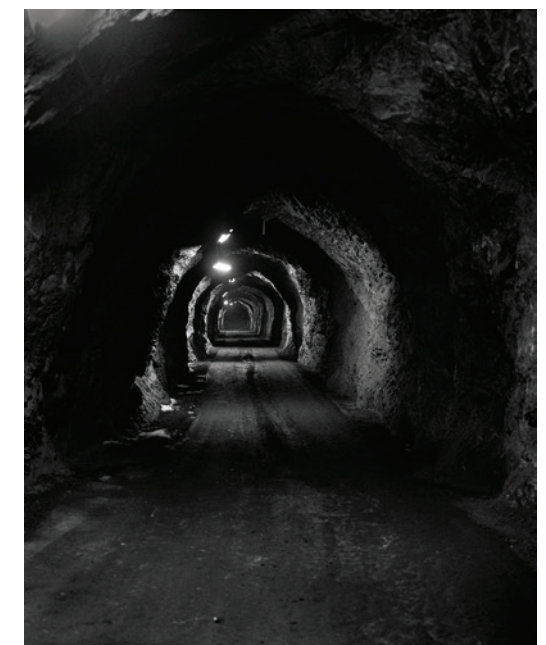
Discovered in 2009, the SAM Vein runs on level 5 & 6 in Area 29. This vein is further west than previous ore bodies and may have been deposited along an unconformity in limestone. The zone is relatively flat lying and strikes northerly and steepens as it rises up dip to the west. It has been defined to the 30 area fault, and Starcore is currently drilling holes to locate its postulated projection on the other side of the fault.

Pilotos West

Discovered in 2011, the western fault offset of Pilotos ore body was mined for a year at 3,000-5,000 tonnes per month with grades of 5-20 g/t. This area is limited by faulted volcanic rocks and mining has now extracted most of these deposits with only small pillars remaining.

San Martin Footwall

Discovered in 2012, this area has been found to host several veins 1-5 m thick, located within 50 m of the main San Martin structure in the footwall which was previously thought to be exclusively shale. To date, at least four veins have been found above level 4 in the northeast of the "San Martin" area of the mine and possibly two veins above level 2, further south. Some of the veins are vertical and some are dipping around 40 degrees. In general, most are striking parallel to San Martin breccia to the Northeast. Significant production and reserves have been developed in this area in 2013.



4 times

San Martin has received the Mexican Mining Chamber's Annual Silver Helmet Award for mine safety

11,000 metres

of underground exploration diamond drilling per year



15 years

of replaced reserves

20,100

gold equivalent ounces extracted in fiscal 2013

850

tpd production

12,992

hectares of land

10,000 plants

per year produced in the nursery for reforestation program

320 local people

employed at San Martin

5 million+ tonnes

mined since 1993

550,000 ounces

gold equivalent ounces produced since 1993

705,998 tonnes

of proven and probable reserves grading 2.53 g/t Au and 23.6 g/t Ag

Three-Pillar Philosophy

In order to align the Company's principles with its business approaches, Starcore has identified three pillars which serve as a cornerstone to how it conducts business.

Sustainability:

In our community, our environment and our business practices.

Profitability:

Cash flow growth and strengthening the balance sheet.

Operational Efficiency:

Maintaining a strategic edge by allocating capital effectively and efficiently.

Sustainability.

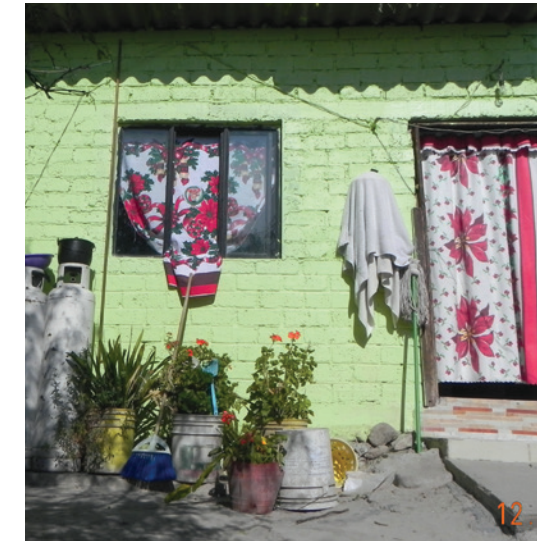
Commitment to Community & Social Responsibility

With over 320 employees at the mine site, Starcore endeavours to create initiatives that will encourage community development and pride. Committed to health and safety, education, and the environment, Starcore continues to seek out ways to help the community of San Martin.

Starcore supports San Martin's kindergarten and elementary schools, donating generously to their programs. The Company built a roof covering the elementary school's bleachers and continues to maintain the school grounds and entrances. Local schools participate in field trips to the mine and Starcore funds the annual summer camp for the community's children, 90% of whom are a part of the San Martin miners' families. Starcore also supports Fundacion San Judas Tadeo, which is a hospice for sick children in Mexico City.

“ Because we believe that we have a responsibility beyond our responsibility to our shareholders, we are committed to enriching the lives of the people of the communities in which we operate. Our corporate decisions and practices will always strive to integrate our business with our employees' personal values.”

Robert Eadie



Paint the Town

This is a recent initiative aimed at helping the townspeople with painting their homes. The main buildings at the mine were each painted in a different colour. Residents can apply for the colour of their choice and Starcore provides them with the paint to complete their house.



Health and Safety

The safety of its employees is of utmost importance for Starcore International, and every measure is taken every day to ensure the workplace is safe.

San Martin has received the Mexican Mining Chamber's Annual Silver Helmet Award for mine safety four times.

In addition, employees at San Martin are provided with annual medical check-ups free of charge, including prostate antigens exams, audiometry exams, physical exams, glucose, triglycerides and cholesterol exams, and thorax x-rays.



Environmental Stewardship

The children of San Martin planted 90 trees on World Earth Day 2013, revitalizing the northern part of the tailing dam's reforestation program. To facilitate this reforestation, Starcore has built a nursery where each year we grow 10,000 seedlings from a variety of plant species native to the area. These seedlings are planted around the mine site from May to July when the rainy season begins. The greenhouse plants also supply the mine's kitchen and Starcore's vision is that one day there will be enough edible surplus that the excess can be sold to miner's families at reduced prices.



“ Our philosophy on corporate responsibility is to instill environmental awareness in our community's families. We are especially proud of our business practices that are designed to sustain environmental sensitivity, inspiring each individual to be mindful of the economic, environmental and social issues that will impact the community's future and the future of our shareholders.”

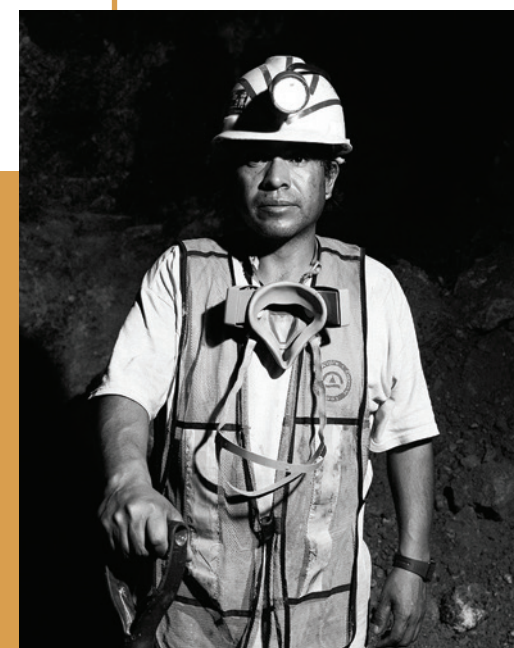
Robert Eadie

Commitment to Reclamation

Recognizing that we are all stewards of the natural environment, Starcore has adopted the technology of dry stacked tailings at a considerable added cost to the operations. However, we believe the benefits far outweigh the cost considerations and will bring long-lasting values. This ethic embraces responsible planning and quality management of the resources.

The benefits of dry stack tailings include:

- More of the process solutions are recycled within the plant
- Water consumption is reduced by 80-85% as well as a reduction in windborne dust
- Risk of discharging harmful solutions to the environment is eliminated
- Reduces the impact on the environment in terms of land area used for tailings, as dry stack facilities require a smaller footprint compared to other surface tailings disposal systems, while creating a much more stable impoundment geo-technically
- Groundwater contamination through seepage is eliminated
- Land is re-vegetated with greater efficiency and ease





Corporate Responsibility in the Community of Vancouver

Corporately, Starcore has partnered with Covenant House Vancouver through sponsorships and the hosting of charity wine tasting events “Serving Change...One Ounce at a Time”.

Covenant House Vancouver (CHV) serves over 1400 at-risk and homeless street youth annually by offering a continuum of care including a drop-in centre, crisis shelter, and a transitional housing program. Through these CHV facilities, Vancouver’s homeless and wayward youth are able to access support, guidance and tools necessary to successfully transition from life on the streets.

In 2012, Starcore raised \$38,500 in support of Covenant House Vancouver and we are proud to continue partnering with local charities.

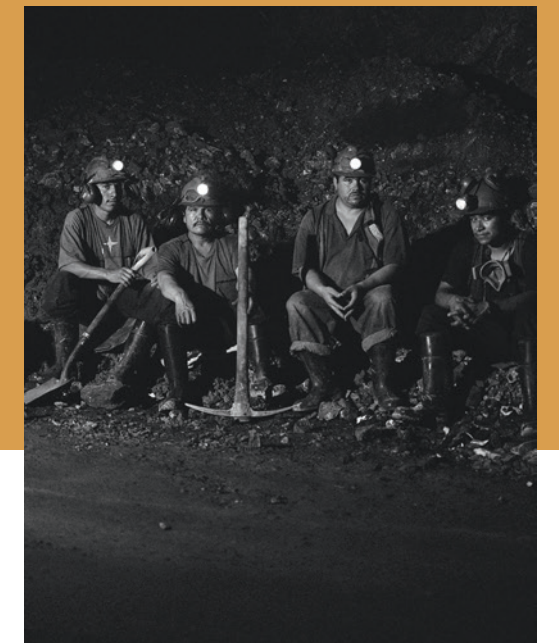


Profitability.

September 3, 2013 – Starcore Pays Final \$3.68 Million of Debt

Six months off their original business plan of six years, the Starcore team paid off the final debt and now will benefit fully from the free cash flow from operations at the San Martin Mine.

Given the lower commodity prices and tumultuous market conditions, this accomplishment reflects the steadfast focus and dedication Starcore has given to reach this turning point in the company’s history.



“ We now own the San Martin Mine, free and clear of any encumbrances.”

Robert Eadie TSX:SAM

Operational Efficiency.

Our Focus is Steadfast

The San Martin deposit has advantages that enable it to operate profitably at grades that other deposits are not able to.

Located two kilometers from a four-lane highway between a large city, Querétaro, and a tourist town, the mine benefits from a well-policed and safe transit corridor for employees, contractors, and suppliers. Employees are happy to live near the mine, resulting in no camp costs or fly-in fly-out costs.

Central Mexico has been a location for mining for centuries and San Martin benefits from both a work force knowledgeable about mining and communities accustomed to the benefits derived from mining operations.

The host limestone rock of San Martin is very soft and as a result enables very low drill and steel costs for drilling as well as rapid blast cycles. Experience over time has shown that with good ventilation the rock also stands up well with only rock support in the faulted areas.



“ We are of the firm belief that unlocking the potential of San Martin is the key to increasing shareholder value. Armed with this singular purpose, we have forged ahead with our exploration and drilling programs which continue to increase our reserves and extend our mine life.”

Robert Eadie

Vision for 2014 and Beyond.



Maintaining our commitment to our employees and the local community by actively seeking creative ways to enhance their quality of life;

Enhancing shareholder value through ongoing exploration without share dilution;

Building the balance sheet to achieve financial strength and to explore business opportunities;

Endeavouring to keep costs per tonne competitive and continuing to reduce overall expenses;

Working to become a dividend-paying corporate entity;

Sale of San Pedrito land package.

Message from the President

As a growth-oriented company, Starcore is focused on continued mineral production and development at the San Martin Mine, while aiming to identify, acquire and develop additional high-quality gold and silver properties. Starcore intends to remain a leader amongst the junior producers of the Mexican mining industry by combining an unwavering commitment to social and environmental stewardship with a proven mineral production and exploration model. With significant land holdings, totalling 12,992 hectares, San Martin not only maintains strong operating reserves but also has excellent exploration potential.

What makes us successful? Despite the 2008 recession, the extensive increase in the Gold Hedge value, and the earlier mine operational issues, we repaid our debt and hedge, developing a profitable mine only six months behind the original timetable set in 2006. Our costs are among the lowest on a per tonne basis, allowing us to be profitable even with relatively low ore grade. We also assembled a top-notch advisory and exploration group so as to define increased resources over the next year. Starcore is working diligently at implementing a regular dividend plan to reward its shareholders and further increase corporate value. We believe that our three pillar approach of sustainability, profitability and operational efficiency will ultimately increase the value of our Company and, hopefully, share value.

With our shareholders' continued support, we are invigorated in our efforts to increase shareholder value in a market that continues to present difficulties globally.

Robert Eadie
PRESIDENT AND CEO

Management Team

Robert Eadie

CEO, PRESIDENT & DIRECTOR

In the past 20 years, Mr. Eadie has been actively involved in public resource companies in raising over \$100 million dollars for various exploration and development projects around the world. Over the years, Mr. Eadie has built an impressive network of contacts in Europe, North America and Asia and has established a reputation as the catalyst behind various successful start-up resource companies. He brings extensive marketing and public relations expertise to the board and makes executive decisions based on long term sustainable growth.

Mr. Eadie advocates open dialogue between management, directors, and shareholders as a key ingredient to success. Mr. Eadie resides in Mexico City. He is a predominant business figure, family man and compassionate community member. Mr. Eadie's unique past experience as a private business owner reflects his down-to-earth approach to business and dedication to company growth.

David Gunning P. ENG

COO & DIRECTOR

Mr. Gunning is a graduate of the University of British Columbia and holds a B.A.Sc., in Mining and Mineral Process Engineering (mining option). A member of the Association of Professional Engineers and Geoscientists of British Columbia, he is a practicing mining engineer with over 30 years of experience in mineral exploration, development and operations in North and South America, Europe and Asia.

As COO, Mr. Gunning is directly involved in the day to day operations of the mine and is directly responsible for the San Martin mining operations.

Gary Arca CA

CFO & DIRECTOR

Mr. Arca is a Chartered Accountant and has been a member of the Canadian Institute of Chartered Accountants and British Columbia Institute of Chartered Accountants since 1980. Mr. Arca was a partner with two separate public accounting firms from 1996 to December 2005 before initially joining Starcore as the CFO. Since 2005, Mr. Arca has gained extensive experience as a Director of many publicly traded resource companies. As CFO, Mr. Arca is directly responsible for the corporate, regulatory and governance of Starcore as well as being involved in the daily operations of the mine.

Jordan Estra

NON-EXECUTIVE CHAIRMAN & DIRECTOR

Mr. Estra has over 40 years of experience in the fields of finance and strategic planning. His background includes his experience as a leading research analyst for a number of international investment banks.

Mr. Estra is currently President and Chief Executive Officer of Ophir Brasil Mineracao, Ltda., a privately owned gold mining company in Brazil, and President and CEO of Ophir Consulting Group, Inc., a privately owned mining consulting company.

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

Federico Villaseñor

DIRECTOR

Mr. Villaseñor is currently the Business Development Director for Goldcorp Mexico. He obtained a B.Sc. in Mining Engineering from the University of Guanajuato in 1972, a Master of Science from Columbia University of New York City in 1976, and a Finance Degree from the Instituto Tecnológico de Mexico in 1985. Mr. Villaseñor has been a member of the Mexican Mining Chamber Board.

Dr. Michael Gunning

DIRECTOR

Dr. Gunning has more than 25 years of diverse and valuable experience in mineral exploration and geological research, and is widely recognized for his expertise in the uranium sector. He is currently the Executive Chairman at Alpha Minerals, the target of a supported takeover and consolidation of the Patterson Lake discovery in Saskatchewan. Prior to Alpha, he was CEO of Hathor Exploration, a Vancouver-based junior uranium explorer, he executed successive resource and PEA milestones for the Company's Roughrider uranium deposit discovery, and he guided the Company through a hostile M&A competition to an eventual \$654 million acquisition by Rio Tinto, one of the top ten deals in 2011 in the global mining sector. Prior to joining Hathor, Dr. Gunning served as President and CEO of Triex Minerals, during which term Triex raised more than \$30 million for its projects, built an accomplished exploration team, and advanced a diverse project portfolio in the U.S. and Canada. Previous to Triex, Dr. Gunning was the principal Mineral Deposits Research Geologist at the Saskatchewan Geological Survey, before which, he was a Senior Project Geologist in Exploration at Teck Cominco Ltd., responsible for all aspects of various exploration programs and initiatives in the Canadian high Arctic, Brazil and Mexico. He has a Ph.D. in mineral deposits and volcanology from the University of Western Ontario, and is a past President of the Saskatchewan Geological Society and the Society of Economic Geologists Student Chapter. Dr. Gunning is currently a director of two public companies listed on the TSX Venture Exchange.

Cory Kent LLB

CORPORATE SECRETARY & DIRECTOR

Mr. Kent is a Partner of McMillan LLP, and was the Executive of the Securities Law Section of the Canadian Bar Association from 2002-2004. With a practice focused on corporate securities law and related technology, natural resources, and commercial matters, Mr. Kent possesses a strong and varied legal background exceptionally suited to the junior mining sector.

Ken Sumanik M.Sc.

DIRECTOR

Mr. Sumanik is an environment and land specialist, with over forty years of experience in logging and mining impact assessment and evaluation. From 1989 to 1999, he held the position of Vice-President of Environment and Land Use for the Mining Association of British Columbia. Mr. Sumanik then served as Assistant to the Minister for Mining in British Columbia before becoming involved with publicly listed junior mining companies.

Serge Depatie

DIRECTOR

Serge Depatie is a mining and investment professional with close to 25 years of experience in senior management roles encompassing project management to institutional portfolio management. Mr. Depatie is a founding partner and currently, Managing Director & Chief Investment Officer of NCP Investment Management ("NCPIM"), a private investment firm. Prior to NCPIM, Mr. Depatie spent 10 years at Natcan Investment Management Inc., participating in growing assets from \$10 billion to \$32 billion. Mr. Depatie was named top 50 portfolio manager in Canada by Brendan Woods (Top Gun Awards) for 2008-2009 while his team won the Lipper Award; 5 year Performance, Best Canadian Small Cap Fund 2005-2010.

Consolidated Financial Statements.

For the year ended July 31, 2013
Starcore International Mines Ltd.

Deloitte.

Deloitte LLP
2800 - 1055 Dunsmuir Street
4 Bentall Centre
P.O. Box 49279
Vancouver BC V7X 1P4
Canada

Tel: 604-669-4466
Fax: 778-374-0496
www.deloitte.ca

Independent Auditor's Report

To the Shareholders of
Starcore International Mines Ltd.

We have audited the accompanying consolidated financial statements of Starcore International Mines Ltd., which comprise the consolidated statements of financial position as at July 31, 2013, July 31, 2012, and August 1, 2011 and the consolidated statements of operations and comprehensive income, changes in equity and cash flows for the years ended July 31, 2013 and July 31, 2012, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Starcore International Mines Ltd. as at July 31, 2013, July 31, 2012, and August 1, 2011 and its financial performance and its cash flows for the years ended July 31, 2013 and July 31, 2012 in accordance with International Financial Reporting Standards.

(Signed) Deloitte LLP

Chartered Accountants
October 28, 2013
Vancouver, Canada

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

As at	July 31, 2013	July 31, 2012 (Note 11)	August 1, 2011 (Note 11)
Assets			
Current			
Cash	\$ 5,638	\$ 1,675	\$ 712
Short-term investments (note 5)	2,710	1,612	1,250
Amounts receivable (notes 6 and 13)	1,979	3,518	1,779
Inventory (note 7)	1,689	2,432	2,199
Prepaid expenses and advances	2,425	2,585	1,593
Total Current Assets	14,441	11,822	7,533
Non-Current			
Mining interest, plant and equipment (note 8)	42,078	43,060	39,104
Deferred tax assets (note 18)	3,018	1,309	6,768
Total Non-Current Assets	45,096	44,369	45,872
Total Assets	\$ 59,537	\$ 56,191	\$ 53,405
Liabilities			
Current			
Trade and other payables	\$ 1,936	\$ 1,684	\$ 6,472
Loan payable (note 9)	3,479	7,698	2,659
Current portion of forward contract obligation	-	-	11,137
Total Current Liabilities	5,415	9,382	20,268
Non-Current			
Forward contract obligation	-	-	7,242
Rehabilitation and closure cost provision (note 10)	1,053	1,505	1,473
Deferred tax liabilities (note 18)	10,420	8,866	9,224
Other long-term liabilities (note 11)	424	500	408
Total Non-Current Liabilities	11,897	10,871	18,347
Total Liabilities	\$ 17,312	\$ 20,253	\$ 38,615

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

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

As at	July 31, 2013	July 31, 2012 (Note 11)	August 1, 2011 (Note 11)
Equity			
Share capital (note 12)	\$ 43,752	\$ 43,053	\$ 36,750
Equity reserve	10,754	10,620	10,240
Foreign currency translation reserve	(2,542)	(3,294)	(3,424)
Accumulated deficit (note 11)	(9,739)	(14,441)	(28,776)
Total Equity	42,225	35,938	14,790
Total Liabilities and Equity	\$ 59,537	\$ 56,191	\$ 53,405

Commitments (notes 12 and 14)
Subsequent event (note 9)

Approved by the Directors:

"Robert Eadie" Director

"Gary Arca" Director

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

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

For the years ended July 31,	2013	2012
Revenues		
Mined ore	\$ 30,246	\$ 38,524
Purchased concentrate	-	18,515
Total Revenues	30,246	57,039
Cost of Sales (note 7)		
Mined ore	21,948	17,530
Purchased concentrate	-	17,819
Total Cost of Sales	(21,948)	(35,349)
Earnings from mining operations	8,298	21,690
Financing costs (net) (note 9)	(1,141)	(1,304)
Foreign exchange gain (loss)	(306)	681
Professional and consulting fees	(399)	(711)
Management fees and salaries (notes 12 and 14)	(1,047)	(1,075)
Office and administration	(1,016)	(1,097)
Shareholder relations	(223)	(348)
Write-down for obsolete equipment	(113)	-
Earnings before taxes	4,053	17,836
Income tax recovery (expense) (note 18)	649	(3,501)
Earnings for the year	4,702	14,335
Other comprehensive loss		
Foreign currency translation differences	752	130
Comprehensive income for the year	\$ 5,454	\$ 14,465
Basic earnings per share (note 17)	\$ 0.03	\$ 0.11
Diluted earnings per share (note 17)	\$ 0.03	\$ 0.10

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

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

For the years ended July 31,	2013	2012
Cash provided by Operating activities	\$ 4,702	\$ 14,335
Earnings for the year	4,702	14,335
Items not involving cash:		
Depreciation and depletion	5,002	4,480
Share-based compensation (note 12)	261	560
Interest revenue	(8)	(24)
Interest on long-term debt (note 9)	543	324
Unwinding of discount on long-term debt (note 9)	523	869
Employee profit sharing provision (note 11)	(97)	(39)
Rehabilitation and closure cost accretion (note 10)	77	148
Write-down for obsolete equipment	113	-
Net gain on forward contracts	-	(106)
Income tax (recovery) expense (note 18)	(649)	3,501
Change in non-cash working capital items		
Prepaid expenses and advances	1,151	(918)
Amounts receivable	1,595	(1,660)
Inventory	788	(125)
Trade and other payables	(17)	(5,033)
Taxes paid	-	1,490
Cash provided by operating activities	13,984	17,802
Financing activities		
Share issuances	497	5,850
Share issuance costs	-	(87)
Advance of loan payable	-	11,000
Repayment of loan payable	(4,667)	(5,941)
Interest paid	(543)	(324)
Financing costs	-	(376)
Realized forward contract settlements	-	(19,185)
Cash outflows for financing activities	(4,713)	(9,063)
Investing activities		
Purchase of short-term investments	(2,700)	(4,100)
Sale of short-term investments	1,600	3,750
Interest received	10	12
Investment in subsidiary	-	(100)
Purchase of mining interest, plant and equipment	(3,828)	(6,372)
Cash outflows for investing activities	(4,918)	(6,810)
Total increase in cash	4,353	1,929
Effect of foreign exchange rate changes on cash	(390)	(966)
Cash, beginning of year	1,675	712
Cash, end of year	\$ 5,638	\$ 1,675

Non-cash transactions - note 12

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

Starcore International Mines Ltd.
Consolidated Statements of Changes in Equity for the years ended July 31, 2013 and 2012
(in thousands of Canadian dollars, except for number of shares)

	Number of Shares Outstanding	Share Capital	Equity Reserve	Foreign Currency Translation Reserve	Accumulated Deficit (Note 11)	Total
Balance, August 1, 2011	105,808,970	\$ 36,750	\$ 10,240	\$ (3,424)	\$ (28,776)	\$ 14,790
Issued for cash pursuant to:						
Private placement of units - at \$0.25	9,010,000	1,890	363	-	-	2,253
Exercise of warrants - at \$0.15	18,534,771	3,143	(363)	-	-	2,780
Exercise of agent warrants - at \$0.15	3,892,910	677	(93)	-	-	584
Exercise of options - at \$0.15	1,550,000	345	(112)	-	-	233
Issued as a bonus on financing - at \$0.36	1,000,000	360	-	-	-	360
Share issue costs: Cash	-	(73)	(14)	-	-	(87)
Warrants	-	(39)	39	-	-	-
Share-based compensation	-	-	560	-	-	560
Foreign currency translation	-	-	-	130	-	130
Earnings for the year	-	-	-	-	14,335	14,335
Balance, July 31, 2012	139,796,651	43,053	10,620	(3,294)	(14,441)	35,938
Issued as a bonus on financing - at \$0.25	300,000	75	-	-	-	75
Issued for cash pursuant to:						
Exercise of warrants - at \$0.15	3,261,814	613	(124)	-	-	489
Exercise of agent warrants - at \$0.25	32,000	11	(3)	-	-	8
Share-based compensation	-	-	261	-	-	261
Foreign currency translation	-	-	-	752	-	752
Earnings for the year	-	-	-	-	4,702	4,702
Balance, July 31, 2013	143,390,465	\$ 43,752	\$ 10,754	\$ (2,542)	\$ (9,739)	\$ 42,225

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

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

July 31, 2013

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 extracting, processing and exploring for gold and silver in Mexico. On February 1, 2007, the Company acquired Compañía Minera Peña de Bernal, S.A. de C.V. (“Bernal”), which owns the San Martin mine in Queretaro, Mexico, from Luismin S.A. de C.V. (“Luismin”), a wholly owned subsidiary of Goldcorp, Inc. (the “Acquisition”). Pursuant to the Acquisition, the Company paid US\$24 million or \$28.2 million and issued 4,729,600 common shares to Luismin at a fair value of US\$2 million or \$2,365 based upon the Toronto Stock Exchange (“TSX”) trading value of the Company’s shares at the date of the Agreement. The San Martin mine has been in operation since 1993 producing gold and silver and is a self sustaining mining operation in Mexico. Bernal is the Company’s sole source of operating cash flows.

2. Basis of Preparation

a) Statement of Compliance

These consolidated financial statements for the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

The financial statements were authorized for issue by the Board of Directors on October 28, 2013.

b) Basis of Measurement

The consolidated financial statements have been prepared on a historical cost basis, except certain financial instruments, which are measured at fair value, as explained in the Company’s accounting policies discussed in Note 3.

The consolidated financial statements are presented in Canadian dollars, which is also the parent Company’s functional currency, and all values are rounded to the nearest thousand dollars, unless otherwise indicated.

The preparation of consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgement in applying the Company’s accounting policies. The areas involving a higher degree of judgement of complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

c) Basis of consolidation

These consolidated financial statements include the accounts of the Company and all of its subsidiaries, which are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from the entity’s activities. Subsidiaries are included in the consolidated financial results of the Company from the effective date of acquisition up to the effective date of disposal or loss of control. The Company’s wholly-owned subsidiaries, Compañía Minera Peña de Bernal, S.A. de C.V. (Mexico), SAM Servicios Administrativos Mineros, S.A. de C.V. (Mexico), Eucan Minas, S.A. de C.V, Norma Mines Limited, and Minas Vallarta Resources Ltd. carry out their operations in Mexico and 1794598 Ontario Inc. (Canada) operates in Canada.

All intra-group transactions, balances, income and expenses are eliminated, in full, on consolidation.

July 31, 2013

3. Summary of Significant Accounting Policies

The accounting policies set out below were applied consistently to all periods presented in these consolidated financial statements, unless otherwise indicated.

a) Foreign Currency Translation

The functional currency of Starcore, the parent, is Canadian dollars (“CAD”) and the functional currency of its subsidiaries is United States dollars (“USD”) (collectively “the Functional Currency”). Foreign currency accounts are translated into the Functional Currency as follows:

At the transaction date, each asset, liability, revenue and expense denominated in a foreign currency is translated into the Functional Currency by the use of the exchange rate in effect at that date. At the period end date, unsettled monetary assets and liabilities are translated into the Functional Currency by using the exchange rate in effect at the period end.

Foreign exchange gains and losses are recognized in net earnings and presented in the Consolidated Statement of Operations and Comprehensive Income in accordance with the nature of the transactions to which the foreign currency gains and losses relate, except for foreign exchange gains and losses from translating available-for-sale investments in marketable securities and equity securities which are recognized in other comprehensive income as part of the total change in fair values of the securities. Unrealized foreign exchange gains and losses on cash and cash equivalent balances denominated in foreign currencies are disclosed separately in the Consolidated Statements of Cash Flows.

b) Foreign Operations

The assets and liabilities of foreign operations with functional currencies differing from the presentation currency, including fair value adjustments arising on acquisition, are translated to Canadian dollars at exchange rates in effect at the reporting date. The income and expenses of foreign operations with functional currencies differing from the presentation currency are translated into Canadian dollars at the year-to-date average exchange rates.

The Company’s foreign currency differences are recognised and presented in other comprehensive income as a foreign currency translation reserve (“Translation Reserve”) a component of equity. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

c) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. At July 31, 2013 and 2012, the Company had no cash equivalents.

July 31, 2013

3. Summary of Significant Accounting Policies – (cont’d)

d) Revenue Recognition

Revenue from the sale of metals is recognized when the significant risks and rewards of ownership have passed to the buyer, it is probable that economic benefits associated with the transaction will flow to the Company, the sale price can be measured reliably, the Company has no significant continuing involvement and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenues from metal concentrate sales are subject to adjustment upon final settlement of metal prices, weights, and assays as of a date that is typically up to two weeks after the shipment date. The Company records adjustments to revenues monthly based on quoted forward prices for the expected settlement period. Adjustments for weights and assays are recorded when results are determinable or on final settlement. Accounts receivable for metal concentrate sales are therefore measured at fair value.

e) Inventory

Finished goods and work-in-process are measured at the lower of average cost and net realizable value. Net realizable value is calculated as the estimated price at the time of sale based on prevailing and long-term metal prices less estimated future costs to convert the inventories into saleable form and estimated costs to sell.

Ore extracted from the mines is processed into finished goods (gold and by-products in doré). Costs are included in work-in-process inventory based on current costs incurred up to the point prior to the refining process, including applicable depreciation and depletion of mining interests, and removed at the average cost per recoverable ounce of gold. The average costs of finished goods represent the average costs of work-in-process inventories incurred prior to the refining process, plus applicable refining costs.

Supplies are measured at average cost. In the event that the net realizable value of the finished product, the production of which the supplies are held for use in, is lower than the expected cost of the finished product, the supplies are written down to net realizable value. Replacement costs of supplies are generally used as the best estimate of net realizable value. The costs of inventories sold during the year are presented in the Company’s profit and loss.

f) Mining interest, plant and equipment

Mining interests represent capitalized expenditures related to the development of mining properties and related plant and equipment.

Recognition and Measurement

On initial recognition, equipment is valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

July 31, 2013

3. Summary of Significant Accounting Policies – (cont'd)

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

Mining expenditures incurred either to develop new ore bodies or to develop mine areas in advance of current production are capitalized. Mine development costs incurred to maintain current production are included in the consolidated statement of operations. Exploration costs relating to the current mine in production are expensed to net income as incurred due to the immediate exploitation of these areas or an immediate determination that they are not exploitable.

Borrowing costs that are directly attributable to the acquisition and preparation for use, are capitalized. Capitalization of borrowing costs, begins when expenditures are incurred and activities are undertaken to prepare the asset for its intended use. The amount of borrowing costs capitalized cannot exceed the actual amount of borrowing costs incurred during the period. All other borrowing costs are expensed as incurred.

The capitalization of borrowing costs is discontinued when substantially all of the activities necessary to prepare the qualifying asset for its intended use or sale are complete. Capitalized borrowing costs are amortized over the useful life of the related asset.

Major Maintenance and Repairs

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Company's profit or loss during the financial year in which they are incurred.

Subsequent Costs

The cost of replacing part of an item of equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its costs can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of equipment are recognized in the Company's profit or loss as incurred.

Leased equipment

Leased assets in which we receive substantially all of the risks and rewards of ownership of the asset are capitalized as finance leases at the lower of the fair value of the asset or the estimated present value of the minimum lease payments. The corresponding lease obligation is recorded within debt on the statement of financial position.

Assets under operating leases are not capitalized and rental payments are included in earnings based on the terms of the lease.

Derecognition

Upon sale or abandonment, the cost of the property, plant, and equipment and related accumulated depreciation or depletion, are removed from the accounts and any gains or losses thereon are included in operations.

July 31, 2013

3. Summary of Significant Accounting Policies – (cont'd)

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

Depreciation and impairment

Mining interest, plant and equipment are subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses, with the exception of land which is not depreciated. Depletion of mine properties is charged on a unit-of-production basis over proven and probable reserves and a portion of resources expected to be converted to reserves. Depreciation of plant and equipment and corporate office equipment, vehicles, software and leaseholds is calculated using the straight-line method, based on the lesser of economic life of the asset and the expected life of mine. Where components of an asset have different useful lives, depreciation is calculated on each separate part. Depreciation commences when an asset is available for use. At the end of the each calendar year estimates of proven and probable gold reserves and a portion of resources expected to be converted to reserves are updated and the calculations of amortization of mining interest, plant and equipment is prospectively revised.

The Company reviews and evaluates its mining interests, plant and equipment for impairment at least annually or when events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Impairment is considered to exist if the total estimated future undiscounted cash flows of a cash generating unit are less than the carrying amount of the assets. An impairment loss is measured and recorded based on discounted estimated future cash flows and carrying value. Future cash flows are estimated based on expected future production, commodity prices, operating costs and capital costs.

g) Rehabilitation and Closure Cost Provision

The Company records a provision for the estimated future costs of rehabilitation and closure of operating and inactive mines and development projects, which are discounted to net present value using the risk free interest rates applicable to the future cash outflows. Estimates of future costs represent management's best estimates which incorporate assumptions on the effects of inflation, movements in foreign exchange rates and the effects of country and other specific risks associated with the related liabilities. The provision for the Company's rehabilitation and closure cost obligations is accreted over time to reflect the unwinding of the discount with the accretion expense included in finance costs in the Consolidated Statement of Operations and Comprehensive Income. The provision for rehabilitation and closure cost obligations is re-measured at the end of each reporting period for changes in estimates and circumstances. Changes in estimates and circumstances include changes in legal or regulatory requirements, increased obligations arising from additional mining and exploration activities, changes to cost estimates and changes to risk free interest rates.

Rehabilitation and closure cost obligations relating to operating mines and development projects are initially recorded with a corresponding increase to the carrying amounts of related mining properties. Changes to the obligations are also accounted for as changes in the carrying amounts of related mining properties, except where a reduction in the obligation is greater than the capitalized rehabilitation and closure costs, in which case, the capitalized rehabilitation and closure costs is reduced to nil and the remaining adjustment is included in production costs in the Consolidated Statement of Operations and Comprehensive Income. Rehabilitation and closure cost obligations related to inactive mines are included in production costs in the Consolidated Statement of Operations and Comprehensive Income on initial recognition and subsequently when re-measured.

July 31, 2013

3. Summary of Significant Accounting Policies – (cont'd)

h) Exploration and Evaluation Expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures (“E&E”) are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying and sampling costs, drilling costs, payments made to contractors, geologists, consultants, and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to E&E activities, including general and administrative overhead costs, are expensed in the period in which they occur.

When a project is deemed to no longer have commercially viable prospects to the Company, E&E expenditures in respect of that project are deemed to be impaired. As a result, those E&E expenditures, in excess of estimated recoveries, are written off to the Company’s profit or loss.

The Company assesses E&E assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as “mines under construction”. E&E assets are also tested for impairment before the assets are transferred to development properties.

Any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

i) Financial Instruments

Financial instruments are classified as one of the following categories based upon the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company’s accounting policy for each category is as follows:

Loans and Receivables

Loans and receivables are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue, and subsequently carried at amortised cost using the effective interest rate method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in the profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

The Company’s cash, short-term investments and amounts receivable are all accounted for as loans and receivables.

July 31, 2013

3. Summary of Significant Accounting Policies – (cont'd)

i) Financial Instruments – (cont'd)

Available-for-Sale

Non-derivative financial assets not included in the above category are classified as available-for-sale. Available-for-sale investments are carried at fair value with changes in fair value recognized in accumulated other comprehensive loss/ income. Where there is a significant or prolonged decline in the fair value of an available-for-sale financial asset, which constitutes objective evidence of impairment, the full amount of the impairment, including any amount previously recognized in other comprehensive loss/income is recognized in the Company’s profit or loss. If there is no quoted market price in an active market and fair value cannot be readily determined, available-for-sale investments are carried at cost.

Purchases and sales of available-for-sale financial assets are recognized on a trade date basis. On sale or impairment, the cumulative amount recognized in other comprehensive loss/income is reclassified from accumulated other comprehensive loss/income to the Company’s profit or loss.

Impairment of Financial Assets

At each reporting date, the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, there is objective evidence of impairment as a result of one or more events that has occurred subsequent to the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Financial Liabilities

Financial liabilities are classified as other financial liabilities, based on the purpose for which the liability was incurred, and comprised of trade and other payables, and loan payable. These liabilities are recognized at fair value, net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortised cost using the effective interest rate method. This ensures that, any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Trade and other payables represent goods and services provided to the Company prior to the end of the period which are unpaid. Trade payable amounts are unsecured and are usually paid within 30 days of recognition.

Derivative Liabilities

Derivative instruments, including embedded derivatives, are recorded at fair value through profit or loss and accordingly are recorded on the balance sheet at fair value. Unrealized gains and losses on derivatives held for trading are recorded as part of earnings. Fair values for derivative instruments are determined using valuation techniques, using assumptions based on market conditions existing at the balance sheet date. Derivatives embedded in non-derivative contracts are recognized separately unless they are closely related to the host contract.

The Company has no derivative instruments as at July 31, 2013 and 2012.

July 31, 2013

3. Summary of Significant Accounting Policies – (cont'd)

j) Income Taxes

Current tax and deferred taxes are recognized in the Company's profit or loss, except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the period end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilised. At the end of each reporting period, the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

k) Share Capital

Financial instruments issued by the Company are classified as equity, only to the extent that they do not meet the definition of a financial liability or asset. The Company's common shares, share warrant and share options are classified as equity instruments.

Incremental costs, directly attributable to the issue of new shares, warrants or options, are shown in equity as a deduction, net of tax, from proceeds.

l) Profit or Loss per Share

Basic profit or loss per share is computed by dividing the Company's profit or loss applicable to common shares by the weighted average number of common shares outstanding for the relevant period.

Diluted profit or loss per share is computed by dividing the Company's profit or loss applicable to common shares, by the sum of the weighted average number of common shares outstanding and all additional common shares that would have been outstanding if potentially dilutive instruments were converted at the beginning of the period.

July 31, 2013

3. Summary of Significant Accounting Policies – (cont'd)

m) Share-based Payments

Where equity-settled share options are awarded to employees or non-employees, the fair value of the options at the date of grant is charged to the Company's profit or loss over the vesting period. The number of equity instruments expected to vest at each reporting date, are taken into account so that the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modifications, is charged to the Company's profit or loss over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in the Company's profit or loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the Company's profit or loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for effects of non-transferability, exercise restrictions and behavioural considerations.

All equity-settled share based payments are reflected in equity reserve, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in equity reserve is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and immediately recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent that the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

Where vesting conditions are not satisfied and options are forfeited, the Company reverses the fair value amount of the unvested options which had been recognized over the vesting period.

July 31, 2013

3. Summary of Significant Accounting Policies – (cont'd)

n) Standards, Amendments and Interpretations Not Yet Effective

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting periods beginning after January 1, 2013 or later periods.

The Company has early adopted the amendments to IFRS which replaces references to a fixed date of "1 January 2004" with "the date of transition to IFRS". This eliminates the need for the Company to restate derecognition transactions that occurred before the date of transition to IFRS. The amendment is effective for year ends beginning on or after July 1, 2011, however the Company has early adopted the amendment. The impact of the amendment and early adoption is that the Company only applies IAS 39 derecognition requirements to transactions that occurred after the date of transition.

The Company is currently reviewing the following new standards, amendments and interpretations, which have not been early adopted in these consolidated financial statements, to determine what effect, if any, they will have on the Company's future results and financial position:

IFRS 9	Financial Instruments (New; to replace IAS 39 and IFRIC 9)
IFRS 10	Consolidated Financial Statements (New; to replace consolidation requirements in IAS 27 (as amended in 2008) and SIC-12)
IFRS 11	Joint Arrangements (New, to replace previous joint venture standard IAS 31)
IFRS 12	Disclosure of Interests in Other Entities (New; to replace disclosure requirements in IAS 27 (as amended in 2008), IAS 28 (as revised in 2003) and IAS 31)
IFRS 13	Fair Value Measurement (New, comprehensive standard for fair value measurement and disclosure)
IAS 27	Consolidated and Separate Financial Statements (Amended in 2011)
IAS 28	Investments in Associates and Joint Ventures (Amended in 2011)

4. Critical Accounting Estimates and Judgments

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

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

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

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

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

July 31, 2013

4. Critical Accounting Estimates and Judgments – (cont'd)

b) Rehabilitation Provisions

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

The inflation rate applied to estimated future rehabilitation and closure costs is 3.5% and the discount rate currently applied in the calculation of the net present value of the provision is 8%.

c) Income Taxes

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

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

d) Share-Based Payment Transactions

The Company measures the cost of equity-settled transactions with employees, and some with non-employees, by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, expected forfeiture rate, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 12.

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

July 31, 2013

5. Short-term Investments

At July 31, 2013, the Company held a Guaranteed Investment Certificate (“GIC”) with a market value of \$2,710, earning interest income at prime minus 1.65% per annum and maturing as to 50% on March 18, 2014 and 50% on May 24, 2014. At July 31, 2012, the Company held a GIC with a market value of \$1,612, earning interest income at prime minus 1.8% per annum and matured on February 4, 2013. This GIC is cashable at the Company’s option and is considered to be highly liquid.

The Company’s short-term investments are held at one financial institution and as such the Company is exposed to the risks of that financial institution.

6. Amounts Receivable

July 31,	2013	2012
Taxes receivable	\$ 1,741	\$ 3,330
Trade receivables	150	141
Other	88	47
	\$ 1,979	\$ 3,518

7. Inventory

July 31,	2013	2012
Carrying value of inventory:		
Doré	\$ 717	\$ 1,585
Work-in-process	139	160
Stockpile	127	-
Supplies	706	687
	\$ 1,689	\$ 2,432

For the year ended July 31,	2013	2012
Inventory included in cost of sales:		
Mined ore	\$ 16,955	\$ 13,745
Purchased concentrate	-	17,151
	\$ 16,955	\$ 30,896

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

July 31, 2013

8. Mining Interest, Plant and Equipment

	Mining Interest	Plant and Equipment	Corporate Office Equipment	Total
Cost				
Balance, July 31, 2011	\$ 39,789	\$ 8,424	\$ 232	\$ 48,445
Additions	4,235	2,126	11	6,372
Effect of foreign exchange	1,954	406	-	2,360
Balance, July 31, 2012	45,978	10,956	243	57,177
Additions	2,819	927	82	3,828
Write-down of equipment	-	(246)	-	(246)
Change in ARO assumptions	(586)	-	-	(586)
Effect of foreign exchange	1,147	48	-	1,195
Balance, July 31, 2013	\$ 49,358	\$ 11,685	\$ 325	\$ 61,368
Depreciation				
Balance, July 31, 2011	\$ 6,182	\$ 2,978	\$ 181	\$ 9,341
Depreciation for the year	3,825	628	27	4,480
Effect of foreign exchange	153	143	-	296
Balance, July 31, 2012	10,160	3,749	208	14,117
Depreciation for the year	4,144	827	31	5,002
Write-down of equipment	-	(133)	-	(133)
Effect of foreign exchange	330	(26)	-	304
Balance, July 31, 2013	\$ 14,634	\$ 4,417	\$ 239	\$ 19,290
Carrying amounts				
Balance, July 31, 2012	\$ 35,818	\$ 7,207	\$ 35	\$ 43,060
Balance, July 31, 2013	\$ 34,724	\$ 7,268	\$ 86	\$ 42,078

9. Loan Payable

During the year ended July 31, 2012, the Company secured an \$11 million credit facility (the “Facility”) with Sprott Resource Lending. The facility was used to settle the hedge liability originally entered into with Investec Bank PLC (“Investec”) pursuant to a Loan Facility entered into on purchase of the mine in 2007. The Facility bears interest at 11% per annum, payable monthly, with monthly principal payments of \$917 to be made commencing May 31, 2012, with the final payment subject to the amended terms discussed below. The Facility may be repaid in full without penalty.

In consideration for the Facility, the Company paid structuring fees, finder’s fees and legal fees of \$376 and issued 1,000,000 common shares. The fair value of the shares has been determined to be equal to the market price on the date of grant, being \$0.36 per share or \$360. The Facility is guaranteed by the Company’s wholly owned subsidiary, Bernal, and is secured by a fixed and floating charge and specific registration over all of the assets of the Company and Bernal, including the San Martin gold and silver mine in Queretaro, Mexico, and a pledge of all of the shares of Bernal held by the Company.

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

July 31, 2013

9. Loan Payable – (cont'd)

The Facility has been classified as an other financial liability at amortized cost of \$11,000, less the fair value of the shares, structuring, finder's and legal fees, totaling \$736 (the "Discount"). As a result, the recorded liability to repay the Facility was lower than its face value.

On December 19, 2012, the Company amended the Facility and as a result was not required to make principal payments until October 31, 2013. The amended terms of the outstanding credit facility allow the Company the flexibility to make one balloon payment by October 31, 2013. Consideration paid for the amendment was the issuance of 300,000 shares with a market value of \$0.25 per share totaling \$75. The fair value of these shares has been added to the Discount of the Facility and the total remaining facility will be charged to the Company's profit and loss as described below.

The Discount is being charged to the Company's profit and loss and added to the liability over the life of the Facility. During the year ended July 31, 2013, the Company made payments totaling \$5,242 (2012: \$2,999), consisting of \$4,667 in repayment of principal (2012: \$2,750) and \$543 of interest (2012: \$249). Over the period, \$523 of the discount was recognized as a financing cost in the Company's total earnings.

	Principal	Discount	Total
Balance, July 31, 2011	\$ -	\$ -	\$ -
Financing, May 17, 2012	11,000	(736)	10,264
Payments made during the year	(2,750)	-	(2,750)
Unwinding of discount	-	184	184
Balance, July 31, 2012	8,250	(552)	7,698
Amendment, December 19, 2012	-	(75)	(75)
Payments made during the year	(4,667)	-	(4,667)
Unwinding of discount	-	523	523
Balance, July 31, 2013	\$ 3,583	\$ (104)	\$ 3,479

Subsequent to the year ended July 31, 2013, on August 30, 2013, the Company paid the remaining \$3,583 of the Facility, settling its obligation in full. As a result, the net discount was realized subsequent to July 31, 2013.

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

July 31, 2013

9. Loan Payable – (cont'd)

The Company's financing costs for the year ended July 31, 2013 and 2012 as reported on its Consolidated Statement of Operations and Comprehensive Income can be summarized as follows:

For the year ended July 31,	2013	2012
Unwinding of discount on rehabilitation and closure accretion (Note 10)	\$ 77	\$ 148
Investec Loan unwinding of discount	-	685
Investec Loan interest expense	-	145
Investec Loan financing cost	-	23
Facility discount unwinding	523	184
Facility interest expense	543	249
Interest revenue	(2)	(24)
Net loss on forward contract obligations	-	(106)
	\$ 1,141	\$ 1,304

10. Rehabilitation and Closure Cost Provision

The Company's asset retirement obligations consist of reclamation and closure costs for the mine. At July 31, 2013, the present value of obligations is estimated at \$1,053 (2012 - \$1,505) based on expected undiscounted cash-flows at the end of the mine life of 21,282,000 Mexican pesos ("MP") or \$1,705 (2012 - \$2,858), which is calculated annually over 6 to 11 years. Such liability was determined using a discount rate of 8% (2012 - 11%), an inflation rate of 3.5% (2012 - 5%).

Significant reclamation and closure activities include land rehabilitation, demolition of buildings and mine facilities and other costs.

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

	July 31, 2013	July 31, 2012
Balance, beginning of year	\$ 1,505	\$ 1,473
Accretion expense	77	148
Revision to assumptions and estimates	(586)	-
Foreign exchange fluctuation	57	(116)
	\$ 1,053	\$ 1,505

11. Other Long – Term Liabilities

Under Mexican tax laws, the Company's Mexican subsidiary is required to remit 10% of taxable income to employees as statutory profit-sharing. The provision for profit-sharing is based on accounting income and the amounts are payable based on the Company's Mexican subsidiary earning taxable income. Management has accrued amounts which may be payable based on prior years that have not been settled or are in dispute. However, the Company had previously recognized a liability of \$2,224 for future employee profit sharing amounts that do not meet the criteria for recognition under IFRS. As a result, these consolidated financial statements have been restated to give effect to the derecognition of this liability with the following impacts:

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

July 31, 2013

11. Other Long – Term Liabilities - (cont'd)

As at and for the years ended:

	Previously reported	Adjustment	As restated
July 31, 2012			
Other long-term liabilities	\$ 2,724	\$ (2,224)	\$ 500
Total liabilities	22,477	(2,224)	20,253
Accumulated deficit (including net income impact for the year)	(16,665)	2,224	(14,441)
Total equity	33,714	2,224	35,938
August 1, 2011			
Other long-term liabilities	\$ 2,632	\$ (2,224)	\$ 408
Total liabilities	40,839	(2,224)	38,615
Accumulated deficit	(31,000)	2,224	(28,776)
Total equity	12,566	2,224	14,790

12. Share Capital

a) Common Shares

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

The holders of common shares are entitled to one vote per share at meetings of the Company and to receive dividends, which may be declared from time-to-time. No dividends have been declared by the Company since its inception. All shares are ranked equally with regard to the Company's residual assets.

During the year ended July 31, 2013, the Company issued:

- 300,000 shares pursuant to the amendment of the Facility agreement at \$0.25 per share or \$75 (Note 9);
- 3,261,814 shares pursuant to the exercise of share purchase warrants at \$0.15 per share for proceeds of \$489. The fair value of the warrants as determined on the date of issuance, being \$124, was transferred to the Company's share capital from equity reserve on exercise;
- 32,000 shares pursuant to the exercise of share purchase agent warrants at \$0.25 per share for proceeds of \$8. The fair value of the warrants as determined on the date of issuance, being \$3, was transferred to the Company's share capital from equity reserve on exercise.

During the year ended July 31, 2012, the Company issued:

- 1,000,000 shares pursuant to the \$11,000 credit facility (Note 9). The fair value of the shares has been determined to be equal to the market price on the date of grant, being \$0.36 per share or \$360;
- 18,534,771 shares pursuant to the exercise of share purchase warrants at \$0.15 per share for proceeds of \$2,780. The fair value of the warrants as determined on the date of issuance, being \$363, was transferred to the Company's share capital from equity reserve on exercise;

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

July 31, 2013

12. Share Capital - (cont'd)

a) Common Shares – (cont'd)

- 3,892,910 shares pursuant to the exercise of agent warrants at \$0.15 per share for proceeds of \$584. The fair value of the warrants as determined on the date of issuance, being \$93, was transferred to the Company's share capital from equity reserve on exercise; and
- 1,550,000 shares pursuant to the exercise of share purchase options at \$0.15 per share for proceeds of \$233. The fair value of the warrants as determined on the date of issuance, being \$112, was transferred to the Company's share capital from equity reserve on exercise.

On January 30, 2012, the Company completed a non-brokered financing for the issuance of 9,010,000 Units at \$0.25 per Unit for proceeds of \$2,253. Each Unit consisted of one share and one half of one share purchase warrant. Each whole warrant entitles the holder to acquire one additional share of the Company at \$0.35 until January 30, 2014. The \$2,253 proceeds of the financing were allocated to the shares and warrants, pro rata, using the market value of the shares on the date of issuance and the fair value of the warrants. As a result, share capital increased by \$1,890 and equity reserve increased by \$363.

The fair value of the warrants was determined using the Black-Scholes model using an expected annual volatility of 84% over a 2 year expected life and a risk free interest rate of 0.95%.

Agents' fees applied in this transaction were in the form of a cash commission of \$87 and 464,800 nontransferable Agent Warrants entitling the holder to acquire one common share of the Company at a price of \$0.25 to January 30, 2013. Cash commissions were allocated \$73 to share capital and \$14 to warrants. Share issue costs include \$39 allocated to the fair value of Agents' Warrants issued and \$7 has been allocated to Warrants.

b) Warrants

No warrants were issued during the year ended July 31, 2013.

Pursuant to the January 30, 2012 financing during the year ended July 31, 2012, the Company issued 4,505,000 warrants, each warrant entitling the holder to acquire one common share of the Company at \$0.35 until January 30, 2014. The Company also issued 464,800 warrants to agents, exercisable at \$0.25 until January 30, 2013.

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

July 31, 2013

12. Share Capital - (cont'd)

b) Warrants – (cont'd)

A summary of the Company's outstanding share purchase warrants at July 31, 2013 and 2012 and the changes during the years then ended is presented below:

	Number of warrants	Weighted average exercise price	Equity reserve Amount
Outstanding at July 31, 2011	32,830,995	\$ 0.30	\$ 1,016
Warrants issued for private placement	4,505,000	0.35	363
Cash paid to agents allocated to warrants	-	-	(14)
Warrants issued to agents	464,800	0.25	39
Warrants exercised	(18,534,771)	0.15	(363)
Agent Warrants exercised	(3,892,910)	0.15	(93)
Warrants expired	(347,500)	0.15	-
US Denominated warrants expired	(6,794,000)	0.76	-
Outstanding at July 31, 2012	8,231,614	0.27	948
Warrants exercised	(3,261,814)	0.15	(124)
Agent Warrants exercised	(32,000)	0.25	(3)
Agent Warrants expired	(432,800)	0.25	-
Outstanding at July 31, 2013	4,505,000	\$ 0.35	\$ 821

At July 31, 2013, there were 4,505,000 warrants exercisable to purchase one common share for each warrant held as follows:

Number of Shares	Exercise Price	Expiry Date
4,505,000	\$0.35	January 30, 2014

c) Share-based Payments

The Company, in accordance with the policies of the TSX, is authorized to grant options to directors, officers, and employees to acquire up to 20% of the amount of common stock outstanding. Options may be granted for a maximum term of 5 years. Optioned shares will vest and may be exercised in accordance with the vesting provisions set out as follows:

- (a) 1/3 of the options granted will vest six months after the grant date;
- (b) A further 1/3 of the options granted will vest twelve months after the grant date; and
- (c) The remaining 1/3 of the options granted will vest eighteen months after the grant date.

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

July 31, 2013

12. Share Capital - (cont'd)

c) Share-based Payments – (cont'd)

The following is a summary of changes in options from July 31, 2012 to July 31, 2013:

Grant Date mm/dd/yy	Expiry Date mm/dd/yy	Exercise Price	Opening Balance	During the Year			Closing	Closing, Vested and Exercisable
				Granted	Exercised	Cancelled/ Forfeited		
11/09/09	11/09/14	\$0.15	6,000,000	-	-	-	6,000,000	6,000,000
01/10/10	01/10/15	\$0.21	1,000,000	-	-	-	1,000,000	1,000,000
03/26/10	03/26/15	\$0.15	400,000	-	-	-	400,000	400,000
05/06/11	05/06/16	\$0.15	210,000	-	-	(20,000)	190,000	190,000
01/16/12	01/16/17	\$0.20	450,000	-	-	(50,000)	400,000	400,000
01/27/12	01/27/17	\$0.25	1,995,000	-	-	(55,000)	1,940,000	1,940,000
04/13/12	04/13/17	\$0.37	3,250,000	-	-	-	3,250,000	2,166,664
			13,305,000	-	-	(125,000)	13,180,000	12,096,664
Weighted Average Exercise Price			\$0.22			\$0.21	\$0.23	\$0.21

The following is a summary of changes in options from July 31, 2011 to July 31, 2012:

Grant Date mm/dd/yy	Expiry Date mm/dd/yy	Exercise Price	Opening Balance	During the Year			Closing	Closing, Vested and Exercisable
				Granted	Exercised	Cancelled/ Forfeited		
11/09/09	11/09/14	\$0.15	7,050,000	-	(800,000)	(250,000)	6,000,000	6,000,000
01/10/10	01/10/15	\$0.21	1,000,000	-	-	-	1,000,000	1,000,000
03/26/10	03/26/15	\$0.15	400,000	-	-	-	400,000	400,000
10/06/10	10/06/15	\$0.15	750,000	-	(750,000)	-	-	-
05/06/11	05/06/16	\$0.15	210,000	-	-	-	210,000	139,996
01/16/12	01/16/17	\$0.20	-	700,000	-	(250,000)	450,000	149,998
01/27/12	01/27/17	\$0.25	-	2,160,000	-	(165,000)	1,995,000	664,991
04/13/12	04/13/17	\$0.37	-	3,250,000	-	-	3,250,000	-
			9,410,000	6,110,000	(1,550,000)	(665,000)	13,305,000	8,354,985
Weighted Average Exercise Price			\$0.16	\$0.31	\$0.15	\$0.19	\$0.22	\$0.17

During the year ended July 31, 2013, the Company has share-based compensation expense of \$261 (2012: \$560), which has been recorded in the statement of comprehensive income and credited to equity reserve. These amounts have been expensed as follows:

For the year ended July 31,	2013	2012
Cost of Sales – Mined ore	\$ 42	\$ 98
Professional and consulting fees	-	2
Management fees and salaries	221	418
Office and administration	(1)	35
Shareholder relations	(1)	7
	\$ 261	\$ 560

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

July 31, 2013

13. Financial Instruments

All significant financial assets, financial liabilities and equity instruments of the Company are either recognized or disclosed in the consolidated financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk. Cash and short-term investments are carried at their fair value. There are no other differences between the carrying values and the fair values of any 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.

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, 2013, the Company had the following financial assets and liabilities denominated in Canadian dollars (CDN) and denominated in Mexican Pesos (MP):

	In '000 of CDN Dollars	In '000 of Mexican Pesos (MP)
Cash	\$ 1,845	MP 1,278
Other working capital amounts - net	\$ 2,795	MP (4,938)
Long-term liabilities	\$ 3,563	MP 33,697

At July 31, 2013, US dollar amounts were converted at a rate of \$1.027 Canadian dollars to \$1 US dollar and Mexican Pesos were converted at a rate of MP12.83 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 \$900. A 10% increase or decrease in the MP exchange rate will decrease or increase annual earnings from mining operations by approximately \$800.

Interest Rate Risk

The Company's cash earns interest at variable interest rates. While fluctuations in market rates do not have a significant impact on the fair value of the Company's cash flows, future cash flows will 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.

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

July 31, 2013

13. Financial Instruments – (cont'd)

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 investment, the balance of which at July 31, 2013 is \$5,638 and \$2,710, respectively. Cash of \$102 is held at a Mexican financial institution, the remainder of \$5,536 and the short-term investment of \$2,710 are held at a chartered Canadian financial institution; the Company is exposed to the risks of those financial institutions. All trade receivables are owing from two customers and are receivable in US dollars.

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, 2013, the Company was holding cash of \$5,638 and short-term investments of \$2,710.

Obligations due within twelve months of July 31,	2013	2014	2015	2016	2017 and beyond
Trade and other payables	\$ 1,936	\$ -	\$ -	\$ -	\$ -
Loan payable	3,479	-	-	-	-
Reclamation and closure obligations	-	-	-	-	1,705
Other long-term liabilities	-	-	-	-	424

The Company's trade and other payables and current portion of its Loan Facility obligations 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. Prudent management of liquidity risk requires the regular review of existing and future loan covenants to meet expected expenditures and obligations under the Facility (see note 9). The Company continues to make all debt and interest payments as required under the Loan Facility. Management believes that profits generated from the mine will be sufficient to meet its financial obligations and management believes that the Company will be able to meet all existing loan covenants in the future.

14. Commitments

Except as disclosed elsewhere in these consolidated financial statements, the Company has the following commitments outstanding at July 31, 2013:

- a) As at July 31, 2013, the Company has shared lease commitments for office space, of \$107 per year until February 2015, which included minimum lease payments, and estimated taxes, but excluded operating costs, to expiry.
- b) As at July 31, 2013, the Company has management contracts to officers and directors totaling \$600 per year, payable monthly, expiring in January 2017.
- c) As at July 31, 2013, the Company has a land lease agreement commitments with respect to the land at the mine site, for \$96 per year until June 2016.

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

July 31, 2013

14. Commitments – (cont'd)

During the years ended July 31, 2013 and 2012, the Company paid the following amounts to key management and directors:

For the year ended July 31,	2013	2012
Management fees	\$ 600	\$ 599
Legal fees	15	28
Directors fees	96	34
Technical advisory committee	9	-
Share-based payments	143	160
Total	\$ 863	\$ 821

15. Segmented Information

During the year ended July 31, 2013, 100% of the Company's reportable sales were to two third parties. The balance owing from this customer on July 31, 2013 was \$150 (July 31, 2012 - \$141). The Company operates in two reportable geographical and one operating segment. Selected financial information by geographical segment is as follows:

	July 31, 2013		
	Mexico	Canada	Total
Revenue	\$ 30,246	\$ -	\$ 30,246
Earnings (loss) for the year	7,442	(2,740)	4,702
Mining interest, plant and equipment	41,992	86	42,078
Total assets	55,241	4,296	59,537

	July 31, 2012		
	Mexico	Canada	Total
Revenue	\$ 57,039	\$ -	\$ 57,039
Earnings (loss) for the year	17,592	(3,257)	14,335
Mining interest, plant and equipment	43,025	35	43,060
Total assets	53,756	2,435	56,191

16. 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, except for loan covenants outlined in Note 13 for which the Company is compliant.

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

July 31, 2013

17. Earnings per Share

The Company calculates the basic and diluted income (loss) per common share using the weighted average number of common shares outstanding during each period and the diluted income (loss) per share assumes that the outstanding vested stock options and share purchase warrants had been exercised at the beginning of the year.

The denominator for the calculation of loss per share, being the weighted average number of common shares, is calculated as follows:

For the year ended July 31,	2013	2012
Issued common share, beginning of period	139,796,651	105,808,970
Weighted average issuances	1,472,976	19,097,470
Basic weighted average common shares	141,269,627	124,906,440
Effect of dilutive warrants and options	6,590,000	16,586,599
Diluted weighted average common shares	147,859,627	141,493,039

Vested share purchase options and warrants totalling 10,011,664 in aggregate and unvested share purchase options outstanding of 1,083,336, at July 31, 2013, were not included in the computation of diluted earnings per share.

18. Income Taxes

Current income tax expense differs from the amount that would result from applying the Canadian statutory income tax rates to the Company's loss before income taxes. This difference is reconciled as follows:

Year ended July 31,	2013	2012
Earnings (loss) before income taxes	\$ 4,053	\$ 17,836
Canadian statutory income tax rate	25.33%	25.63%
Income tax expense (recovery) at statutory rate	1,027	4,571
Difference from higher statutory tax rates on foreign subsidiaries	171	744
Non-deductible items for tax purposes	(934)	69
Mexican flat tax	(991)	(1,490)
Non-capital loss carry forwards	-	-
Unrecognized benefit of temporary differences	78	(393)
Income tax (recovery) expense	\$ (649)	\$ 3,501

During the 2013 taxation year, the British Columbia provincial corporate tax rate increased from 10% to 11%. The Company's statutory rate is 25.33% for the year ended July 31, 2013 (2012: 25.63%).

The significant components of the Company's deferred income tax assets and liabilities are as follows:

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

July 31, 2013

18. Income Taxes – (cont'd)

July 31,	2013	2012
Deferred income tax assets (liabilities):		
Mining interest, plant and equipment	\$ (8,326)	\$ (8,797)
Payments to defer	(399)	(17)
Insurance	(46)	(52)
Provision for reclamation and closure	599	485
Expenses reserve	103	58
Pension-fund reserve	87	28
Share issuance costs	23	-
Non-capital losses available	121	-
Other	436	738
Deferred income tax liabilities, net	\$ (7,402)	\$ (7,557)

Unrecognized deductible temporary differences, unused tax losses and unused tax credits are attributable to the following:

July 31,	2013	2012
Mining interest, plant and equipment	\$ 3,135	\$ 6,936
Share issuance costs	-	140
Capital losses available	369	370
Non-capital losses available	3,707	6,321
Unrealized foreign exchange on account of capital	2,142	-
	\$ 9,352	\$ 13,767

At July 31, 2013, the Company has tax losses of approximately \$4,171 (July 31, 2012: \$6,300) in Canada and \$Nil (July 31, 2012: \$Nil) in Mexico available for carry-forward to reduce future years' taxable income, expiring between 2027 and 2033 in Canada. The Company also has capital losses, in Canada, of approximately \$370 (July 31, 2012: \$370) for carry-forward to reduce future years' taxable capital gains.

Deferred income tax benefits which may arise as a result of applying these deductions and benefits and liabilities resulting from temporary differences as outlined above have been recognized in these accounts on the belief that they are more likely than not to be utilized.

In accordance with Mexican tax law, Bernal is subject to income tax. Income tax is computed taking into consideration the taxable and deductible effects of inflation, such as depreciation calculated on restated asset values. Taxable income is increased or reduced by the effects of inflation on certain monetary assets and liabilities through an inflationary component

Mexican tax law also requires a calculation of Business Flat Tax ("IETU"), which functions similar to an alternative minimum corporate income tax, except that any amounts paid are not creditable against deferred income tax payments. Taxpayers are subject to the higher of the IETU or the taxpayer's income tax liability computed under the Mexican Income Tax Law. The IETU applies to individuals and corporations, including permanent establishments of foreign entities in Mexico, at a rate of 17.5%.

Included in amounts receivable and against the provision for income taxes are \$1.85 million relating to a refund of 2008, 2009 and 2010 IETU payments. Based on recent tax precedents, management has amended the tax filings for these years to adjust the method in which the forward contract payments are included for IETU calculations. Approximately \$838 of these refunds are included in amounts receivable at July 31, 2013.

Management Discussion & Analysis.

For the year ended July 31, 2013
Starcore International Mines Ltd.



STARCORE INTERNATIONAL MINES LTD.

MANAGEMENT DISCUSSION & ANALYSIS

For the Year Ended July 31, 2013

MANAGEMENT DISCUSSION & ANALYSIS

For the year ended July 31, 2013

1. Date of This Report

This MD&A is prepared as of October 28, 2013.

This Management Discussion and Analysis (“MD&A”) should be read in conjunction with the audited consolidated financial statements of Starcore International Mines Ltd. (“Starcore”, or the “Company”) for the year ended July 31, 2013. **Monetary amounts throughout this MD&A are shown in thousands of Canadian dollars, unless otherwise stated.**

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

2. Overall Performance

Description of Business

Starcore is engaged in exploring, extracting and processing gold and silver through its wholly-owned subsidiary, Compañía Minera Peña de Bernal, S.A. de C.V. (“Bernal”), which owns the San Martin mine in Queretaro, Mexico. The Company is a public reporting issuer on the Toronto Stock Exchange (“TSX”). The Company is also engaged in owning, acquiring, exploiting, exploring and evaluating mineral properties, and either joint venturing or developing these properties further or disposing of them when the evaluation is completed. The Company has interests in properties which are exclusively located in Mexico.

Directors and Officers as at October 28, 2013:

Directors:

Gary Arca
Serge Depatie
Robert Eadie
Jordan Estra
Dave Gunning
Michael Gunning
Cory Kent
Ken Sumanik
Federico Villaseñor

Officers:

Executive Chairman, Chief Executive Officer & Interim President – Robert Eadie
Chief Financial Officer – Gary Arca
Chief Operating Officer – Dave Gunning
Corporate Secretary – Cory Kent

Contact Name: Gary Arca

Contact e-mail address: garca@starcore.com

TSX Symbol: SAM

Recent Events

Effective August 31, 2013, the Company paid off the full debt amount owing of \$3,681 including fees and interest on the credit facility extended to it by Sprott Resource Lending in May, 2012, rendering the Company free of debt. (See Section 6)

On September 5, 2013, the Company reported the following relating to its current status:

Cash on Hand: \$4.6 million. The company must maintain a minimum of \$5.0 million as operating capital to enable management to meet its corporate responsibility of sustaining Starcore's financial strength, and to have the ability to respond positively to the operating variables of the mining industry.

Debt: NIL

Exploration: The Company is completing the permitting and bidding process for its planned exploration drilling of approximately 5,000 meters at an estimated cost of \$1.2 million. The exploration program will be funded internally.

Dividends: Although the Company is not currently in a position to declare dividends due to the price of gold, declaring dividends continues to be a high priority for management and a primary objective. "We remain persistent in achieving this objective as we are acutely aware that dividends are what our shareholders expect from their investment in the Company. I cannot emphasize enough how this remains front and center in terms of our focus and what we are striving to deliver to our shareholders as soon as possible," said Robert Eadie, President and CEO of the Company.

Sale of non-core asset (San Pedrito): The Company continues to pursue and engage various parties, both foreign and local, who have expressed their interest in acquiring the San Pedrito lands. Although no sale is imminent, management believes that the San Pedrito lands will be recognized by an astute developer and that the eventual sale of the asset will occur.

3. Selected Annual Information

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

	July 31, 2013		July 31, 2012		July 31, 2011	
Revenues	\$	30,246	\$	57,039	\$	39,465
Cost of Sales		(21,948)		(35,349)		(25,511)
Earnings from mining operations		8,298		21,690		13,954
Administrative Expenses		(4,245)		(3,854)		(15,770)
Income tax recovery (expense)		649		(3,501)		(2,361)
Total earnings (loss)						
(i) Total earnings (loss)	\$	4,702	\$	14,335	\$	(4,177)
(ii) Earnings (loss) per share - basic	\$	0.03	\$	0.11	\$	(0.05)
(iii) Earnings (loss) per share - diluted	\$	0.03	\$	0.10	\$	(0.05)
Total assets	\$	59,537	\$	56,191	\$	53,405
Total long-term liabilities	\$	11,897	\$	10,871	\$	18,347

4. Results of Operations

Discussion of Acquisitions, Operations and Financial Condition

The following should be read in conjunction with the consolidated financial statements of the Company and notes attached thereto for the year ended July 31, 2013.

4.1 San Martín Mine, Queretaro, Mexico

Reserves

The San Martín Mine, an ISO 9001 certified facility located approximately 50km east of the City of Queretaro, State of Queretaro, Mexico, consists of mining concessions covering 12,992 hectares and includes seven underground mining units and four units under exploration, as well as an additional property, San Pedrito, located 50 km west of San Martín. Luismin (now "Goldcorp Mexico") operated the mine from 1993 to January, 2007 when it was purchased by Starcore, who has been mining at San Martín at a rate of approximately 275,000/tonnes per year. Starcore expects to continue to operate the mine over an expected mine life of at least 6 years based on the current expected conversion of known resources and exploration is able to maintain approximately two to three years proven and probable reserves replacing those mined with new reserves. The Company has filed on SEDAR results for a Reserve estimate for its San Martín Mine in Queretaro, Mexico based on data available on July 31, 2013 and dated October 8, 2013.

The results of the July 31, 2013 estimate were Proven and Probable reserves totalling 705,998 tonnes at a grade of 2.53 g Au/t and 23.6 g Ag/t. In addition to the Proven and Probable Reserves, an Inferred Mineral Resource is estimated as of July 31, 2013 at 1,005,000 tonnes at an approximate grade of 2.17 g Au/t and 20 g Ag/t. Inferred Mineral Resources are not known to the same degree of certainty as Mineral Reserves and have not demonstrated economic viability.

The estimate was prepared by mine staff in compliance with NI 43-101. David R. Gunning, P. Eng. who is a qualified person as defined by NI 43-101 has verified all information used for the estimate.

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

- Total mining costs of \$US70 per metric tonne, a gold price of US\$1,300 and silver price of US\$22,
- Metal Recoveries of 87% for gold and 50% for silver,
- Resultant cut-off grade of 2.0 grams per tonne gold equivalent,
- Mining dilution of between 10% and 30% depending on the structure,
- Specific Gravity of 2.6.

The ratio of Probable to Proven Reserves is roughly 1.4:1 and in total there is 66,520 contained gold equivalent ounces. In the fiscal year ended July 31, 2013, San Martín milled 307,342 tons since the last resource estimate at an average grade of 2.35g/t gold and 21 g/t silver. The proven and probable reserves outlined above are adequate for over 2 additional years of production.

In comparison to the reserves estimated in 2012, this year's estimate has resulted in a modest increase in tonnage by 8% and a slight increase in equivalent ounces, both of which occurred while milling 263,000 tonnes from the reserve area. When put in perspective, the mine exploration team is more than replacing the reserves on a year by year basis.

As of July 31, 2013, reserves and resources at San Martín as reported in "RESERVES AND RESOURCES IN THE SAN MARTIN MINE, MEXICO AS OF JULY 31, 2013", dated October 8, 2013, prepared by David R. Gunning, P. Eng. (the "Technical Report"), as filed on SEDAR and available on the Company website www.starcore.com were as follows:

Classification	Tonnes (000's)	Gold (g/t)	Silver (g/t)	Gold (000's of oz)	Silver (000's of oz)	Gold Equiv. (000's of oz)
Reserve:						
San Martín Mine						
Proven	334	2.40	25	25.8	268.5	30.9
Probable	372	2.61	22	31.2	263.2	35.6
Total Reserve	706			57.0	531.7	66.5
Resource:						
San Martín Mine						
Inferred	1,005	2.17	20	70.1	646.3	80.8

- Inferred Mineral Resources are not known to the same degree of certainty as Mineral Reserves and do not have demonstrated economic viability.
- A 60:1 silver to gold equivalency ratio was used to calculate gold equivalent ounces.

See the Technical Report, available on SEDAR, for further information on the San Martin Mine.

Production

The following table is a summary of mine production statistics for the San Martin mine for the three and twelve months ended July 31, 2013 and for the year ended July 31, 2012.

<i>(Unaudited)</i>	<i>Unit of measure</i>	Actual results for 3 months ended July 31, 2013	Actual results for 12 months ended July 31, 2013	Actual results for 12 months ended July 31, 2012
Mine production of gold in dore	<i>thousand ounces</i>	5.8	18.2	18.2
Mine production of silver in dore	<i>thousand ounces</i>	31.4	110	232
Mine equivalent ounces of gold	<i>thousand ounces</i>	6.3	20.1	22.8
Purchased concentrate equivalent ounces	<i>thousand ounces</i>	-	-	10.3
Total mine production – equivalent ounces	<i>thousand ounces</i>	6.3	20.1	33.1
Silver to Gold equivalency ratio		64:1	57:1	51:1
Mine Gold grade	<i>grams/tonne</i>	2.81	2.36	2.17
Mine Silver grade	<i>grams/tonne</i>	25.7	21.0	33.6
Mine Gold recovery	<i>percent</i>	84.6%	77.9%	84.4%
Mine Silver recovery	<i>percent</i>	50.0%	53.7%	69.2%
Milled	<i>thousands of tonnes</i>	76.1	307.3	308.3
Mine development, preparation and exploration	<i>meters</i>	1,785	7,838	7,258
Mine operating cash cost per tonne milled	<i>US dollars/tonne</i>	59	55	54
Mine operating cash cost per equivalent ounce	<i>US dollars/ounces</i>	705	844	724
Number of employees and contractors at minesite		317	317	334

During the quarter ended July 31, 2013, the mill operated at a rate of approximately 827 milled tonnes/calendar day. Gold and silver grades were 2.81 g/t and 25.7 g/t, respectively, compared to prior quarter grades of 2.38 g/t and 24.3g/t. Overall equivalent gold production from the mine of 6,300 ounces was higher than the previous quarter production of 5,800 due to better gold and silver recoveries, and higher overall production tonnage of 76,100 tonnes compared to 75,600 tonnes last quarter. The recoveries and ore grades were generally higher than the average for the year ended July 31, 2012, resulting in higher equivalent gold production than the 5,700 ounces per quarter averaged for the July 31, 2012 year.

Production cash costs of the mine for the current quarter were US\$705/EqOz. This was better than the previous quarter amount of US\$784/EqOz, and to the prior year average of US\$724/EqOz. due mainly to higher recoveries and related equivalent ounce production. Operating cash costs of US\$59/t, increased marginally from the prior quarter's US\$53/t and twelve months ended July 31, 2012 of US\$54/t, due to increased stope development costs combined with higher input costs such as fuel, chemicals and labour. Generally, the mine has created more mineable ore zones causing management to reassess much of the development activity as mineable ores and, thereby, increasing overall mining costs. The offset has been a decrease in mine development capital costs. The mine plan has been developed to ensure the mine is properly developed and mined so as to ensure a constant supply of ore in accordance with currently planned production capacity and ore grades. Changes to the plan that may involve increased production and capital investment is continually being assessed by management. Currently, the Company is continuing underground exploration in order to identify higher grade ore zones and has allocated an adequate budget to support year-long exploration, exceeding 11,000 metres of exploration drilling for the 2013 calendar year.

During the quarter ended July 31, 2013, the Company incurred approximately US\$1,027 in mine capital expenditures, which includes mine development drifting and drilling, machinery and equipment leases and purchases and construction and tailings dam remediation, compared to US\$940 in the prior quarter.

4.2 Property Activity

San Martin properties – Queretaro, Mexico

The San Martin mine properties are comprised of mining concessions covering 12,992 hectares, including the San Pedrito property located approximately 50km west of the San Martin mine. In addition to the ongoing mine exploration and development that is currently being performed in development of the mine, management is continually assessing the potential for further exploration and development of the San Martin properties and continually modifying the exploration budget accordingly. The mine operates three underground drill rigs to provide information to assist with mine planning in addition to exploration, with the intent of increasing the reserves and resources on the property, and the Company has budgeted approximately 11,000 metres of underground exploration drilling in calendar 2013.

David Gunning, P.Eng., a director of the Company and Chief Operating Officer, is the Company's qualified person under NI 43-101, and has reviewed and approved the scientific and technical disclosure on the San Martin Mine disclosed in this MD&A.

4.3 Results of Operations

The Company recorded earnings for the year ended July 31, 2013 of \$4,702 as compared with earnings of \$14,335 for the year ended July 31, 2012. The details of the Company's operating results and related revenues and expenses are as follows:

For the year ended July 31,	2013	2012	Variance
Revenues			
Mined ore	\$ 30,246	\$ 38,524	\$ (8,278)
Purchased concentrate	-	18,515	(18,515)
Total Revenues	30,246	57,039	(26,793)
Cost of Sales			
Mined ore	21,948	17,530	4,418
Purchased concentrate	-	17,819	(17,819)
Total Cost of Sales	(21,948)	(35,349)	13,401
Earnings from mining operations	8,298	21,690	(13,392)
Financing costs	(1,141)	(1,304)	163
Foreign exchange gain (loss)	(306)	681	(987)
Professional and consulting fees	(399)	(711)	312
Management fees and salaries	(1,047)	(1,075)	28
Office and administration	(1,016)	(1,097)	81
Shareholder relations	(223)	(348)	125
Write-down for obsolete equipment	(113)	-	(113)
Earnings (loss) before taxes	4,053	17,836	(13,783)
Income tax recovery (expense)	649	(3,501)	4,150
Earnings (loss) for the year	\$ 4,702	\$ 14,335	\$ (9,633)

Sales of metals produced by the milled ore from the mine for the year ended July 31, 2013 approximated 17,779 ounces of gold and 109,503 ounces of silver sold at average prices in the period of US\$1,545 and US\$27 per ounce, respectively. This is significantly reduced from comparative year ended July 31, 2012 where sales of metal approximated 22,069 ounces of gold and 600,385 ounces of silver which were sold at average prices of US\$1,686 and US\$34 per ounce, respectively. This difference was mainly due to the purchase concentrate production of approximately 10,300 Equivalent ounces in the comparative year.

Sales of metals produced by the milled ore from the mine for the three months ended July 31, 2013 approximated 6,556 ounces of gold and 38,146 ounces of silver sold at average prices in the period of US\$1,337 and US\$21 per ounce, respectively. These figures are much higher than sales of metals produced by the milled ore from the mine for the three months ended April 30, 2013, which approximated 4,055 ounces of gold and 26,940 ounces of silver which were, however, sold at higher average prices in the period of US\$1,600 and US\$28 per ounce, respectively. The difference from production amounts is reflected in the higher inventory balances at July 31, 2013.

The cost of sales above includes non-cash expenses for depreciation and depletion of \$4,993, which is calculated based on the units of production from the mine over the expected mine production as a denominator. This calculation is based solely on the San Martin mine proven and probable reserves and a percentage of inferred resources in accordance with the Company's policy of recognizing the value of expected Resources which will be converted to Proven and Probable Reserves, as assessed by management.

The year of operations to July 31, 2013, produced earnings from mine operations of \$8,298 compared to \$21,690 for the year ended July 31, 2012. Average gold ore grades of 2.36 g/t and silver ore grades of 21.0 g/t for the year ended July 31, 2013 were comparable to the July 31, 2012 comparative year where grades averaged 2.17 g/t and 33.6 g/t, respectively. However, the combination of higher recoveries of 84.4% for gold and 69.2% for silver, resulting in higher production of 22,800 EqOz., and much higher average metal prices of \$1,686 per ounce for gold and \$34 per ounce for silver for the year ended July 31, 2012, resulted in substantially higher revenue as compared to the current year.

Costs for the year ended July 31, 2013 were much higher at an average operating cash cost of US\$844/EqOz compared to an average operating cash cost of US\$724/EqOz in the year ended July 31, 2012, resulting in reported, mined ore costs which were \$4,418 higher at \$21,948 as compared to the year ended July 31, 2012. Also included in mined ore costs in the current period is non-cash stock based compensation expense of \$42 and depreciation of \$4,993 for the year ended July 31, 2013 compared to \$98 and \$4,453, respectively for the year ended July 31, 2012. The Company uses the Black-Scholes option valuation model to calculate the fair value of share purchase options at the date of grant. In addition, the Company had higher gross revenue of \$18,515, cost of sales of \$17,819 and realized a profit of \$696 from the purchase and sale of concentrate in the comparative year compared to none this year due to the cessation of purchasing concentrate in April 2012.

Overall, the higher metal prices combined with higher metal production of 2,700 EqOz for the year ended July 31, 2012 resulted in much higher revenue from mill production of \$38.5million compared to \$30.2million this year. Cost of sales were also higher in the current year by approximately 17% due to higher stoping costs combined with higher labour costs and other input costs such as fuel, electricity and chemicals. The combination of lower sales prices and production and higher costs reduced the earning from mining operations by \$12.6million. As a percentage of mined ore revenue, earning from mining operations decreased to 30% of mined ore revenue compared to 54.5% in the prior year.

Other Items

Changes in other items for the year ended July 31, 2013, resulted in the following significant changes from the year ended July 31, 2012:

- Financing costs for the year decreased by \$163 to \$1,141. Financing costs include the Company's interest on the Loan of \$543, unwinding of the discount on the Loan of \$523 and reclamation and closure costs of \$77. The prior year amount includes the cost of forward sales contract losses due to mark to market adjustments discussed below;

- Management fees and salaries decreased by \$28 to \$1,047. Included in management fees and salaries is a non-cash, stock based compensation expense to management and to the members to the Company's technical advisory committee of \$143;
- Foreign exchange gain decreased by \$987 to a loss of \$306 for the year ended July 31, 2013 due to the strengthening of the MXN peso in relation to the US\$, the functional currency of the mining operations;
- Recovery of income and resource taxes of \$649 includes non-cash adjustments at the consolidation of the entities to account for differences between the tax and the accounting base of assets and liabilities. Taxes payable by the Company are subject to Mexican tax laws which are changing. These estimates reflect the best estimate of tax liability by the Company based on the existing interpretation of these laws. Included in amounts receivable and against the provision for income taxes are refunds of prior year's IETU payments. Based on recent tax precedents, management has amended the tax filings for these years to adjust the method in which the forward contract payments are included for IETU calculations;

In the comparative period, financing costs include the net realized and unrealized loss on forward sales contracts of \$1,040 due to the settlement of the forward contract liability outstanding up to April 30, 2012. Forward sales contracts were settled during the year ended July 31, 2012 and as a result the Company reports no gain or loss on these contracts during the year ended July 31, 2013.

Sustaining Costs

For the year ended July 31, 2013, in conjunction with a non-GAAP initiative being undertaken within the gold mining industry, the Company is adopting an "all-in sustaining cash cost" non-GAAP performance measure that the Company believes more fully defines the total costs associated with producing gold, however this performance measure has no standardized meaning. As the measure seeks to reflect the full cost of gold production from current operations, new project capital is not included in the calculation. Accordingly it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. The Company reports this measure on a sales basis:

<i>(In Canadian Dollars unless indicated)</i> For the year ended July 31,	Sustaining Costs (in 000's)		Sustaining Costs Per Ounce (in \$/oz)	
	2013	2012	2013	2012
Total cost of sales cash costs ¹	\$ 16,955	\$ 30,896	\$ 859	\$ 907
Total corporate and administration cash costs ²	2,685	3,231	136	95
Foreign exchange (gain) loss	306	(681)	16	(20)
Reclamation and closure accretion	77	148	4	4
Sustaining capital expenditures and exploration	3,746	5,218	190	154
All-in sustaining cash costs	23,769	38,812	1,205	1,140
Foreign exchange adjustment	(211)	(330)	(11)	(9)
All-in sustaining USD cash costs	\$ 23,558	\$ 38,482	\$ 1,194	\$ 1,131
Total equivalent ounces sold	19,727	34,045		

¹ Excludes non-cash depletion of \$4,993 for the year ended July 31, 2013 (2012: \$4,453) and includes non-cash share-based compensation of \$42 (2012: \$98).

² Includes non-cash share-based compensation of \$219 for the year ended July 31, 2013 (2012: \$462).

Cash Flows

Cash flows from operating activities were \$13,984 during the year ended July 31, 2013, compared to \$17,802 for the year ended July 31, 2012. Cash flows from operating activities were determined by removing non-cash expenses from the earnings and adjusting for non-cash working capital amounts. Overall cash increased during the period ended July 31, 2013 by \$4,353.

Investor Relations Activities

During the year ended July 31, 2013, the Company responded directly to investor inquiries.

Financings, Principal Purposes & Milestones

During the year ended July 31, 2013, pursuant to the exercise of warrants and agent warrants, the Company issued 3,293,814 shares at \$0.15 and \$0.25 per share for proceeds of \$497. Additionally, the Company issued 300,000 shares with a fair value of \$75 as compensation for the amendment of its credit Facility (see section 6 – Liquidity and Commitments).

5. Summary of Quarterly Results

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

	Q4 31-Jul-13	Q3 30-Apr-13	Q2 31-Jan-13	Q1 31-Oct-12
Total Revenue	\$ 9,660	\$ 6,872	\$ 7,233	\$ 6,481
Earnings from mining operations	\$ 2,356	\$ 2,325	\$ 2,366	\$ 1,251
Earnings (loss)	\$ 1,212	\$ 1,517	\$ 2,319	\$ (346)
Per share – basic	\$ 0.01	\$ 0.01	\$ 0.02	\$ (0.00)
Per share – diluted	\$ 0.01	\$ 0.01	\$ 0.02	\$ (0.00)

	Q4 31-Jul-12	Q3 30-Apr-12	Q2 31-Jan-12	Q1 31-Oct-11
Total Revenue	\$ 7,626	\$ 13,989	\$ 15,025	\$ 20,399
Earnings from mining operations	\$ 3,877	\$ 4,972	\$ 5,524	\$ 7,317
Earnings (loss)	\$ 3,499	\$ 4,172	\$ 3,501	\$ 3,163
Per share – basic	\$ 0.02	\$ 0.03	\$ 0.03	\$ 0.03
Per share – diluted	\$ 0.02	\$ 0.03	\$ 0.03	\$ 0.02

Discussion

The Company reports income for the quarter of \$1,212 compared to \$3,499 in the comparative quarter ended July 31, 2012. For more detailed discussion on the quarterly production results and financial results for the quarter ended July 31, 2013, please refer to *Sections 4.1 and 4.3 under "Results of Operations"*.

6. Liquidity, Commitments

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

As at July 31, 2013, the Company had the following commitments:

- As at July 31, 2013, the Company has shared lease commitments for office space, of \$107 until February 2015, which included minimum lease payments, and estimated taxes, but excluded operating costs, to expiry.
- As at July 31, 2013, the Company has management contracts to officers and directors totaling \$600 per year, payable monthly, expiring in January 2017.
- The Company has secured an \$11 million credit facility with Sprott Resource Lending. The outstanding principal balance at July 31, 2013 was \$3,479. The Facility bears interest at 11% per annum, compounded and payable monthly, with monthly principal payments of \$917 commencing May 31, 2012, with the final payment subject to the amended terms discussed below. The Facility may be repaid in full without penalty. On December 19, 2012, the Company amended the Facility and is not required to make principal payments until October 31, 2013. The amended terms of the outstanding credit facility allow the Company the flexibility to make one balloon payment by October 31, 2013. On March 4, 2013, the Company paid \$1 million towards the principal of its Facility.

Subsequent to the year ended July 31, 2013, on August 30, 2013, the Company paid the remaining \$3,583 of the Facility, settling its obligation in full. As a result, the net discount was realized subsequent to July 31, 2013.

- Obligations due within twelve months of July 31:

	2013	2014-2016	2017 and beyond
Trade and other payables	\$ 1,935	\$ -	\$ -
Loan payable	3,479	-	-
Rehabilitation and closure cost provision	-	-	1,705
Other long-term liabilities	-	-	424

7. Capital Resources

The capital resources of the Company are the mining interests, plant and equipment, with an amortized historical cost of \$42,078 as at July 31, 2013. The Company is committed to further expenditures of capital required to maintain and to further develop the San Martin mine which management believes will be funded directly from the operating cash flows of the mine.

8. Off Balance Sheet Arrangements

The Company has no off balance sheet transactions.

9. Transactions with Related Parties

There were no material reportable related party transactions.

10. Fourth Quarter

Due to mine operating activity of the San Martin mine discussed throughout this MD&A and as detailed in Section 4.1, the operations and activities are similar to previous quarters (see section 5).

11. Proposed Transactions

N/A

12. Critical Accounting Estimates

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

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

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

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

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

b) Rehabilitation Provisions

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

The inflation rate applied to estimated future rehabilitation and closure costs is 3.5% and the discount rate currently applied in the calculation of the net present value of the provision is 8%

c) Income Taxes

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

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

d) Share-Based Payment Transactions

The Company measures the cost of equity-settled transactions with employees, and some with non-employees, by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

13. Changes in Accounting Policies

N/A

14. Financial and Other 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. Where practicable the fair values of financial assets and financial liabilities have been determined and disclosed; otherwise only available information pertinent to fair value has been disclosed.

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

Currency risk is the risk to the Company's earnings that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. At July 31, 2013 the Company had the following financial assets and liabilities denominated in Canadian dollars (CDN) and denominated in Mexican Pesos:

	In '000 of CDN Dollars		In '000 of Mexican Pesos (MP)
Cash and cash equivalents	\$ 1,845	MP	1,278
Other working capital amounts - net	\$ 2,795	MP	(4,938)
Long-term Liabilities	\$ 3,563	MP	33,697

At July 31, 2013, US dollar amounts were converted at a rate of \$1.027 Canadian dollars to \$1 US dollar and Mexican Pesos were converted at a rate of MP12.83 to \$1 US Dollar.

15. Other

15.1 Disclosure of Outstanding Share Capital as at October 28, 2013

	Number	Book Value
<u>Common Shares</u>	<u>143,390,465</u>	<u>\$43,752</u>

The following is a summary of changes in options from July 31, 2012 to October 28, 2013:

Grant Date mm/dd/yy	Expiry Date mm/dd/yy	Exercise Price	Opening Balance	During the Period			Closing	Closing, Vested and Exercisable
				Granted	Exercised	Cancelled/ Forfeited		
11/09/09	11/09/14	\$0.15	6,000,000	-	-	-	6,000,000	6,000,000
01/10/10	01/10/15	\$0.21	1,000,000	-	-	-	1,000,000	1,000,000
03/26/10	03/26/15	\$0.15	400,000	-	-	-	400,000	400,000
05/06/11	05/06/16	\$0.15	210,000	-	-	(20,000)	190,000	190,000
01/16/12	01/16/17	\$0.20	450,000	-	-	(50,000)	400,000	400,000
01/27/12	01/27/17	\$0.25	1,995,000	-	-	(55,000)	1,940,000	1,940,000
04/13/12	04/13/17	\$0.37	3,250,000	-	-	-	3,250,000	2,166,664
08/22/13	08/22/18	\$0.24	-	1,075,000	-	-	1,075,000	-
				-	-	-		
			13,305,000	1,075,000	-	(125,000)	14,255,000	12,096,664
Weighted Average Exercise Price			\$0.22	\$0.24		\$0.21	\$0.23	\$0.21

At October 28, 2013, there were 4,505,000 warrants exercisable to purchase one common share for each warrant held at \$0.35 per share until January 30, 2014.

15.2 Disclosure Controls and Procedures

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

Internal Controls Over Financial Reporting

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

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

There has been no change in the Company's internal control over financial reporting during the Company's year ended July 31, 2013 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Limitations of Controls and Procedures

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

Disclaimer

The data contained herein is provided for information purposes only. Certain information has been compiled from sources believed to be reliable. No information in this presentation is to be construed as an offer to buy or sell securities.

Some statements contained in this presentation are forward-looking and, therefore, involve uncertainties or risks that could cause actual results to differ materially. Such forward-looking statements include among other things, comments regarding mining and milling operations, mineral resource statements and exploration program performance. They may also include statements with respect to the Company's mineral discoveries, plans, outlook and business strategy. The words "may", "would", "could", "should", "will", "likely", "expect," "anticipate," "intend", "estimate", "plan", "forecast", "project" and "believe" or other similar words and phrases are intended to identify forward-looking information.

Factors that could cause actual results to differ materially include, but are not limited to, metal price volatility, economic and political events affecting metal supply and demand, fluctuations in mineralization grade, geological, technical, mining or processing problems, exploration programs and future results of exploration programs, future profitability and production, the ability to raise sufficient capital to fund exploration, litigation, legislative, environmental and other judicial, regulatory, political and competitive developments; technological or operational difficulties or inability to obtain permits encountered in connection with exploration activities, and labour relations matters.

This list is not exhaustive of the factors that may affect our forward-looking information. These and other factors should be considered carefully and readers should not place undue reliance on such forward-looking information. The Company disclaims any intention or obligation to update or revise forward-looking information, whether as a result of new information, future events or otherwise. The reader agrees to hold the Company and its subsidiaries, and their respective officers, employees and agents harmless against any claims for damages or cost or any loss of any kind arising out of the access to or use of this presentation or any information contained in or obtained through this presentation.

Cautionary Note to United States Investors Concerning Estimates of Measured, Indicated and Inferred Resources: These tables use the terms "Measured", "Indicated" and "Inferred" Resources. United States investors are advised that while such terms are recognized and required by Canadian regulations, the United States Securities and Exchange Commission does not recognize them. "Inferred Mineral Resources" have a great amount of uncertainty as to their existence, and as to their economic and legal feasibility. It cannot be assumed that all or any part of an Inferred Mineral Resource will ever be upgraded to a higher category. Under Canadian rules, estimates of Inferred Mineral Resources may not form the basis of feasibility or other economic studies. United States investors are cautioned not to assume that all or any part of Measured or Indicated Mineral Resources will ever be converted into Mineral Reserves. United States investors are also cautioned not to assume that all or any part of an Inferred Mineral Resource exists, or is economically or legally mineable.

Corporate Information

TSX:SAM
FK:V4J

Investor Relations

info@starcore.com

Corporate Office

Suite 750 – 580 Hornby Street
Vancouver, B.C. Canada V6C 3B6

Telephone: 604-602-4935
Toll Free: 1-866-602-4935
Facsimile: 604-602-4936

Auditor

Deloitte LLP
Suite 2800 – 1055 Dunsmuir Street
Vancouver, B.C. Canada V7X 1P4

Legal Advisors

McMillan LLP
Suite 1500 – 1055 West Georgia Street
Vancouver, B.C. Canada V6E 4N7

Stock Transfer Agent

Computershare Investor Services
510 Burrard Street, 3rd Floor
Vancouver, B.C. Canada V6C 3B9

Bankers

Bank of Montreal
595 Burrard Street
Vancouver, B.C. Canada V7X 1L7

TSX:SAM