

2021 STARCORE INTERNATIONAL MINES LTD. ANNUAL REPORT

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unlocking growth



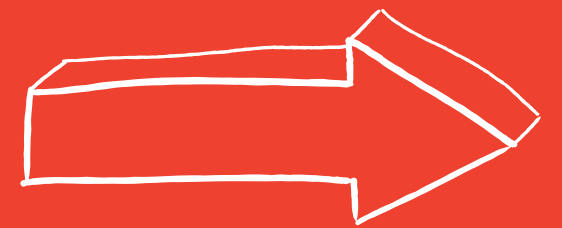


\$2.8 Million



\$0.06 per Share

And with these annual results, the next chapter of growth begins...

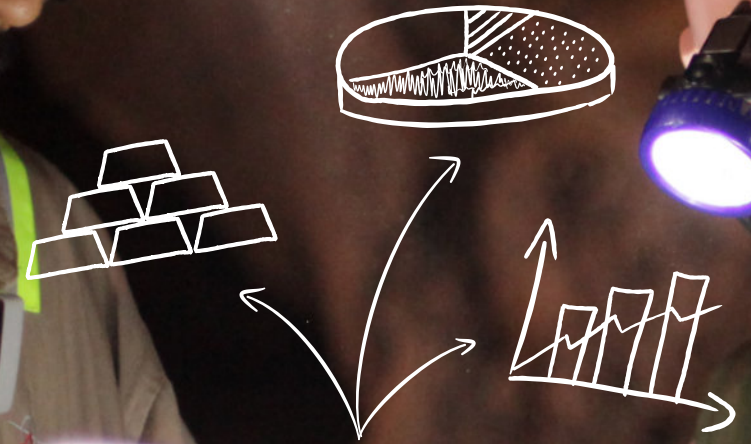




STARCORE

INTERNATIONAL
MINES LTD.

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Teamwork
unlocks
growth

Core Values



Letter from the CEO

As we continued to be confronted with changes and adversity in 2021, your Company once again responded with *resilience*

Throughout Starcore's 16 years of operations at the San Martin Mine, we have faced numerous challenges, some tumultuous, even precipitous. Our work culture evolved as we met these challenges, and we recognized that with the changes and black swan events affecting our industry, it was critical that the Company play a significant role in putting our people first so we could endure and bounce back and set the stage for the next chapter of growth. Our efforts were applauded at times, or set us back at some other times. But at each crossroad, we continued to shape and mold a work culture that has drawn the best from our people who have recognized the value of Starcore and its assets. I am grateful to and proud of our core management team and the departments they have organized to support our efforts. We have come together time and time again, to find the solutions and have dared to try the unknown.

I believe that over the past two years, we have set the tone in building long-term resiliency and now have an exciting new phase of growth ahead led by our people, our assets and our shareholders. We also start 2022 with a new President who shares our mission and will be charting new and exciting opportunities for growth.

During 2021, our focus on making disciplined and sustainable decisions in order to increase shareholder value resulted in an excellent year financially for our Company and our shareholders. We continued to run our operational excellence programs to produce profitable ounces while fostering a positive and safe work environment. Furthermore, our initiatives led to these key changes in both the financial and operational aspects of the Company:

- ▶ We eliminated \$4.5 million dollars in debt.
- ▶ We built our cash position to over \$5 million dollars.
- ▶ We divested the Company of our Toiyabe asset for cash and shares to an extremely capable team in Nevada.
- ▶ We acquired precious metals claims next to the El Creston deposit for organic growth.

No longer a single-asset Company, we have created value and grown the Company during the current global pandemic, ending the year with an earnings-per-share of \$0.06 for our shareholders. Our prospects are a result of many years of hard work and an inward focus on productivity, innovation and organic growth. Uncertainty in this post-COVID era is inevitable; the one thing that remains constant is our steadfast focus on creating shareholder value.

Thank you to the people who have helped us grow, and to our shareholders for their continued support.

Robert Eadie

Chief Executive Officer, Director

Our Year by the Numbers



\$4.4M

Cash on hand as of April 30, 2021



\$2.9M

Net Income

\$0.06

Per Share



Gold Production

11,797 thousand Au/Ag EqOz

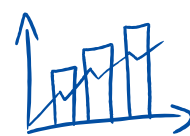
52 thousand tonnes milled

87% gold recovery

57.5% silver recovery

\$62 dollars cost per tonne

AISC \$1242



\$6.4M

Earnings from Mining Operations



\$26.8M

Gold and Silver Sales



\$6.9M

EBITDA



When your community becomes your *advantage*

Starcore believes that we are responsible stewards of our community, the environment and in the governance of our people.

This year we worked specifically on becoming an organization that produces more than just gold dore bars and focused on building our community as our competitive advantage. The results of this are very real network effects: as engagement grows, the community gets smarter, faster to respond, more available, and generates more value. The focus this year was carried out through reforestation plans, ensuring the health and safety of workers during COVID and engaging the local community in extracurricular courses that increase skills outside of the workplace.

At the San Martin mine, the company focuses on the local environment with reforestation efforts to replant on the dry tailing stack, to feed the workers, and to replant native species to the area. The area dedicated to this initiative is divided into 2 zones: the nursery and the greenhouse.

Plants for reforestation are produced in the nursery. The seed collection is carried out, subsequently a pre-germination treatment is given to accelerate and ensure a germination percentage of 80-90% of each plant. They are sown in trays with prepared substrates and kept in these trays for 4 to 6 months, depending on the plant. The plants are then transplanted into bags and remain there for approximately 3 to 12 months until they are transferred and planted in the designated areas



The plants that are produced are arboreal, shrubby, and herbaceous of the region and are described in the following table:

No.	Scientific Name	Common Name
1	<i>Acacia farnesiana</i>	Huizache
2	<i>Acacia schaffneri</i>	Huizache chino
3	<i>Agave sp.</i>	Maguete
4	<i>Bursera fagaroides</i>	Palo xixote
5	<i>Celtis pallida</i>	Granjeno
6	<i>Dodonaea viscosa</i>	Olivo
7	<i>Eysenhardtia polystachya</i>	Palo dulce
8	<i>Forestiera phyllireoides</i>	Acebuche
9	<i>Ipomoea murucoides</i>	Palo bobo
10	<i>Karwinskia humboldtiana</i>	Capulin
11	<i>Senna polyantha Myrtillocactus</i>	Tepehuaje
12	<i>geometrizzans</i>	Garambullo
13	<i>Opuntia imbricata</i>	Cardón
14	<i>Prosopis Laevigata</i>	Mezquite
15	<i>Tecoma stans</i>	San Pedro
16	<i>Zaluzania augusta</i>	Castinini, tronadora
17	<i>Verbesima serrata</i>	Vara blanca
18	<i>Senecio salignus</i>	Jara

In the greenhouse, the production is for the staff's consumption in the dining room. Here, tomato, Italian lettuce, chard and sometimes aromatic plants such as thyme, mint, and spearmint are produced using hydroponics.

Extracurricular Projects

In the community



Food and Beverage Course

In the community, there have been several projects regarding courses that benefit the wives and daughters of company workers. One of the most recent began on November 4, 2020 and ended on October 25, 2021, which was **Food and Beverages** that lasted 1 year. This was taught online every Tuesday and Wednesday from 1 p.m. to 6 p.m. This course was in coordination with **ICATEQ**, which is the Work Training Institute of the state of Querétaro.

Welding Course

This year we also started a new welding course with **ICATEQ**, where 80% of the participants are company workers and 20% of these participants are worker's family members.

These courses are related to their work areas and thus increase the quality of work and strengthen their current work skill. The course started on October 16, 2021, with a duration of 1 year.

The course also provides support in the construction of multipurpose rooms and bathrooms in the church.



Tree Planting

Donation of regional trees to the community in the reforestation season June 2021

The People Priority Policy

We have highlighted the company's priority:

The People

- their stability in all senses, in health, safety, training, economic and social situation.

The company's value depends on the performance and loyalty of our people, and we have demonstrated in the last year that our focus on them will yield significant results.

Our operations achieved budgeted production and costs despite a challenging year and a fierce pandemic that hit all sectors, private and public. Although challenging, the year was considered successful. This was due to the discipline and performance of our people during critical times and their efforts day in, day out to achieve sustainable returns for our investors.

The mine continues to evolve and now, we have more stable production, with more reserves than last year and growing year-by-year. In the last year, month-by-month, our positive cash flow grew as well as our working capital. These results reflect of the measures



taken 2 years ago that saw operational excellence and the cost control in all areas become a principal strategy.

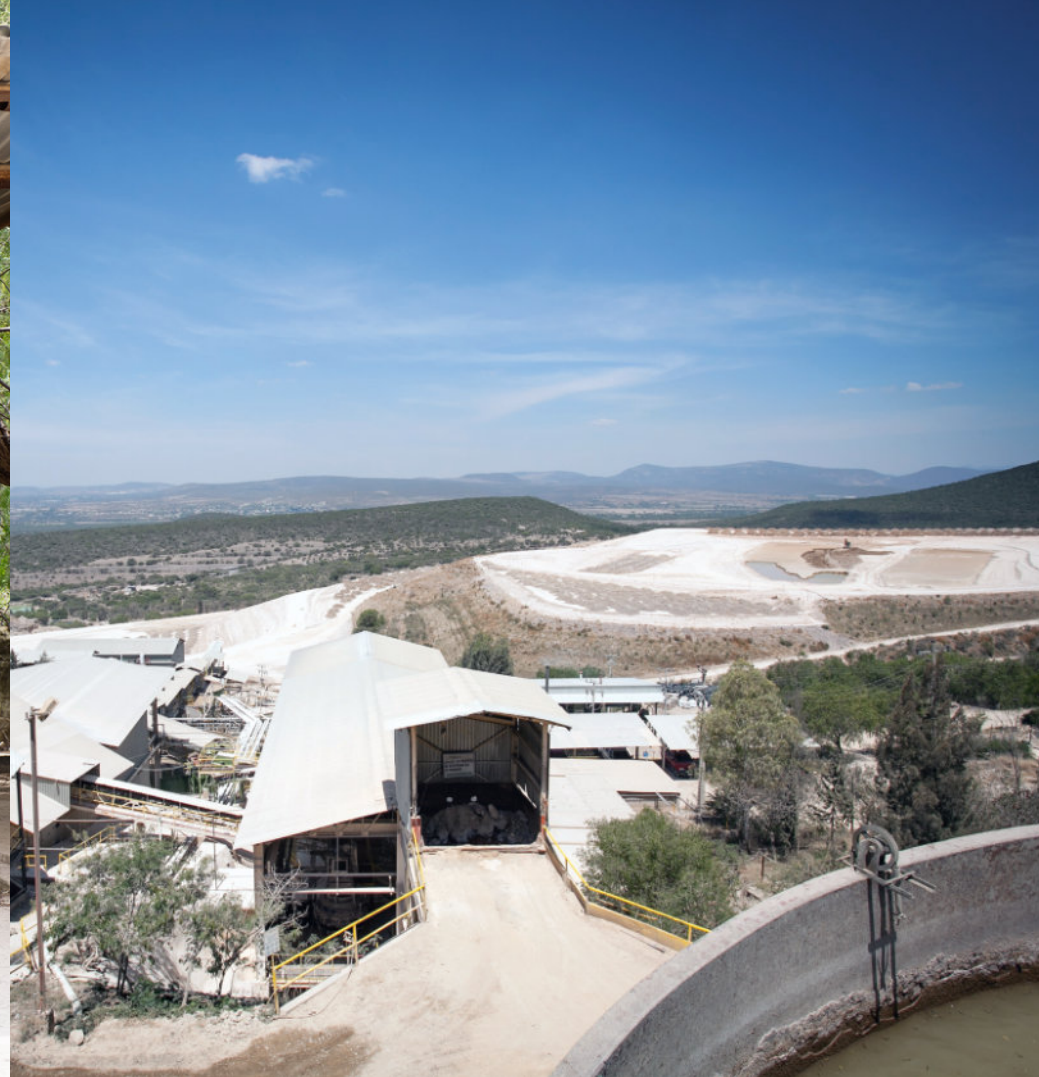
Given the success of the operational turnaround at the San Martin mine, we made the decision to start growing the company. Careful review of multiple opportunities was undertaken and the best option we concluded was to develop a new project in our concession that we have in Opodepe Sonora, Mexico. As reference, it is the concession where our best project El Creston project is located. This concession has 13,346 hectares and had never been explored for precious metals.

Eight months ago, we started the geological works on the Opodepe project and after more than 2000 samples taken and assayed in different veins discovered, in late October, we started a diamond drill hole exploration program. We are very optimistic with this project which we have called the Opodepe project because of its location in Opodepe.

The key ingredient in any organization is a competent and willing team who want to make positive change happen. The team at Starcore demonstrated these initiatives beyond expectations and their difficult times. We are extremely optimistic for the future of the company and the potential returns for shareholders.

Salvador Garcia

Chief Operational Officer, Director



Stability

Our mission to focus on the basics and dispose of non-core assets has resulted in a stable and steady operations which has produced consistent cash flows for the 2021 fiscal year. This allowed Starcore to repay all debts by June of 2020 and remain debt free once again.

The result of our COO, Mr. Salvador Garcia's plan to rationalize our operations in the summer of 2019, resulting in a 32% reduction in our workforce as well as 25% reduction in tonnage processed, was a more consistent and achievable metal production at very low cash cost. We were able to consistently produce between 900 and 1,000 equivalent ounces per month, despite lower overall ore grades than the previous year, at a cash cost of only US\$55 per tonne, or US\$1,056 per ounce. Our all-in sustaining costs, or AISC, was US\$1,380 per ounce, compared to US\$1,466 in the prior year, which allowed for excellent cash flow from operations of over \$7.7million. The average metal prices realized in the year by the Company were US\$1,825 per ounce for gold and over US\$25 per ounce for silver, which remained quite steady throughout the year and also since year end. These prices allow for an efficient operation such as ours to return steady positive cash flows, which is further illustrated by the fact that working capital increased in the year from \$46,000 at April 30, 2020, which included \$3.2million in loans payable, to \$5.8million by the April 30, 2021

year end with no loans outstanding. Helping in this were the final payments in May of 2020 on the sale of our Altiplano concentrate processing plant which was sold in the previous year as a non-core asset.

Overall, the Company reported a net income of \$2.9million, or \$0.06 per share, compared to a \$3.6million loss in the prior year, or a loss of \$0.07 per share. The current year net income also includes a \$1.1million non-cash charge on sale of the Toiyabe gold exploration project in Nevada, USA, which was sold as a non-core asset for \$966,000 in cash and shares of IM Exploration Inc., which reduced consolidated net income by \$0.02 per share. As a result, we reported EBITDA of \$6.9million, compared to \$1.6million in the prior year, further illustrating the strength of our operations in the first full year after planned reductions in staff and production.

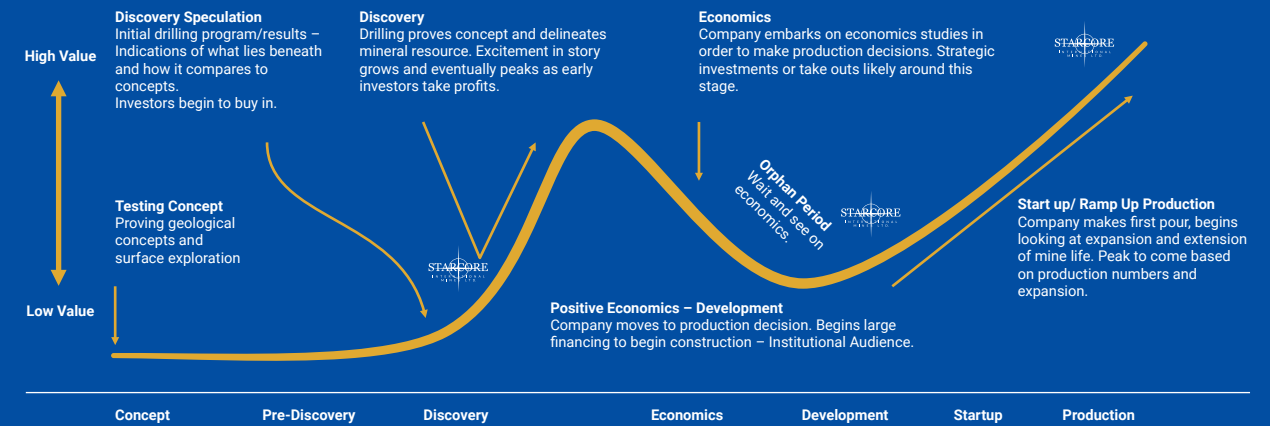
The improved cash position and cash flow has allowed the Company to focus on further exploration at the San Martin mine which has resulted in steadily increasing resources and, more importantly, stable delivery of ore to our plant at consistent grades. We expect to continue this trend in the next year, ensuring a long mine life and increasingly positive cash flow to invest in the future of San Martin mine and in other projects, such as Opodepe claims held in Sonora, Mexico.

Gary Arca
Chief Financial Officer, Director

Blue Sky Opportunity



The Value Proposition in Efficient Gold Production and Exploration



Starcore is in a unique and enviable position that sets the company up for the next chapter of growth.

The company owns and operates a stable gold producing mine, a large Copper Molybdenum deposit and a grass roots precious metals exploration property on the brink of discovery. These assets de-risk the company as an investment to retail and institutional shareholders alike with multiple ways to create shareholder value. The blue-sky opportunity for the company is now!

