



STARCORE

INTERNATIONAL
MINES LTD

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**SUSTAINABLE
GROWTH**

ANNUAL REPORT 2022

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The Value Proposition

Our Core Values

Act with Integrity

We are committed to being honest, straightforward, and accountable in our business practices.

Engage Openly

We believe that clear, comprehensive disclosure, high standards of corporate governance, and ethical business practices are the only ways to do business.

Operate Safely

People come first. We implement industry best practices, adhere to all safety regulations, and have strict management systems in place to promote a culture of safety wherever we operate.

Enrich Lives

We aim to create real, lasting, and tangible benefits for the people whose lives our operations touch.

Shareholders

Our shareholders are the foundation of our financial stability and strength. We actively seek opportunities in our work to improve and enhance shareholder return and value.

Behave Responsibly

We strive to demonstrate that mining can be done responsibly. We do this by emphasizing environmental stewardship at every stage of the project life cycle.

Quality & Innovation

Whenever possible, we go beyond what's merely expected of us to achieve something better. We are problem solvers: building on the practices of the past, anticipating and embracing the challenges of the future and applying existing technologies in new ways to get the most out of our resources.



**What drives
us forward**

A Message from our CEO

It's a privilege to lead a **purpose-driven** and **diverse** company that is in an excellent position to maximize shareholder and stakeholder **value**.

The past year has seen small but important steps that differentiate Starcore from our peers as an investment opportunity in the junior mining space. With a portfolio of assets such as ours, we see production and exploration potential beyond what the market currently values the company at, and our action-oriented approach continues to build future targets for value creation. We also added new consultants, infrastructure, and implemented technology, specifically in the geological department, that will introduce further opportunities for growth, all while being supported by a healthy balance sheet and consistent cash flow.

On that note, I want to highlight a few key areas that will be our value drivers moving forward:

Human Capital

We have built a tremendous team with a track record of results and forward-thinking problem-solving skills. This couldn't be truer after coming out of the various pandemic waves with a clear vision and emphasis on health, safety, and community in this drastically changing world.

Our team shares a clear sense of purpose in stakeholder capitalism to unlock long-term value day in and day out. This stretches from our employees entering the mine or corporate office daily to our direct relations with the community that surrounds us.

It is the mutually beneficial relations that rely on the company to prosper that drives us forward, creates value, and in turn, sustainable growth. Our human capital will ultimately determine our success and I'm confident that this foundation will be the recipe to further success.



Investing in Organic Growth

Investing in organic growth has been the right formula for the company to grow sustainably.

We have focused on maximizing the profitable ounces produced at the San Martin mine to efficiently reinvest into exploration, technology, and the geology department.

The board of directors approved the largest exploration budget at San Martin of \$2 million to continue to try and unlock the mystery of the deposit at San Martin. On the other hand, the acquisition of the El Creston deposit and its subsidiaries with organic cash flow from San Martin has continued to yield positive results. The El Creston acquisition has bloomed organically into multiple assets that have seen notable exploration activities across the Teocuitla claims, Ajax and a sale of the NSR for \$1.6 million to Scottie Resources. Our ability to make internal turnkey decisions to support organic growth and allocate exploration dollars is a strength of our team especially at a time when exploration spending has collapsed in the industry over the last half decade. At Starcore, we understand that it only takes one great resource find to potentially change the entire forward-looking valuation of the company and there's no better place to start than with the portfolio of assets that we continue to build and invest in.

The rest of this report provides strategic insights from our management team with proven track records and demonstrates our leadership in corporate social responsibility within the realm of the mining industry.

As the leader of the company and one of the largest shareholders, I once again thank you for your support and investment in Starcore.

Best Regards,

Robert Fadie

Chief Executive Officer

Letter from our COO

Our focus in the past year was concentrated around **producing profitable ounces** and stabilizing **production** at the San Martin mine. The results have proven to be **successful** despite various headwinds after the pandemic including but not limited to the current economic and inflationary environment. Moving **forward**, our next **focus** is on how to **grow** our company. I am happy to outline the general **framework** which our **team** will now carry out in the coming year:

1.

Starcore's portfolio of producing and exploration assets, combined with an excellent team and work culture, compliments an organic growth strategy that is aimed at using the company's internal resources and tools to achieve long-term sustainable growth.

Firstly, we will concentrate on increasing the production at the San Martin mine where the potential to find new reserves remains open in multiple directions and at depth. The opportunity to extend the current operations on our concession, that is roughly 13,000 Ha, also exists, as our current exploration only reaches approximately 20% of the property. In both cases, we have focused on investing more in exploration with the current US \$2 million budget to be applied to our concessions and new initiatives.

3.

Growth by acquisition. Lastly, our team is focused on acquiring new projects that resemble the characteristics at the San Martin operation; an underground, narrow vein mine with high grade focused primarily on gold and silver.

This type of asset acquisition would compliment the team's expertise in discovering new resources, applying new tools to develop geological models and improve operations at the mine like optimizing the use of reagents, water, electricity, and process plant efficiencies.

In the geology department, we applied new technology in modeling and achieved new interpretations of the San Martin deposit. This guided exploration to find new reserves over the basis of the last years with a success rate of 2.5 AuEq ounce discovered per meter drilled. At approximately 7000 meters of exploration drilling, there has been a rough estimate of 35,000 AuEq ounces that have been added to the proven and probable reserves.

2.

Exploration investments into our pipeline of early and advanced stage projects is the second cornerstone of our growth strategy. The Opodepe project contains multiple targets to create shareholder value.

Firstly, we have plans to invest US \$500,000 in geophysical surveys at the main El Creston deposit to detect a copper porphyry at depth, after several internal and external consultants have provided new geological interpretations of potential discoveries beneath the existing molybdenum orebody.

In addition to the work on El Creston, the company will continue to analyze the drilling campaign carried out on the Teocuitla claims and strategically plan out the next targets based on the current data.



Safety is our priority and this year we had a 72% improvement over mine incidents last year. Other statistics that stood out in mining operations were that we had a 10 % increase in productivity per tonne of ore per man, as well as an 11% increase in development meters per man. Additionally, a highlight of our operational excellence led to an improvement in the purity of our Doré bars and a reduction of cyanide and water in the process plant. The Doré bar purity increased 4% and we reduced water consumption by at least 30%.

Our success is a sum of all parts, and our continuous improvements unveil a mining company that is set to grow sustainably, responsibly, and on behalf of our investors and stakeholders in the year to come.

Thank you for your unwavering support and investment in Starcore International Mines.

Salvador Garcia

CHIEF OPERATIONS OFFICER

“Now that our growth strategy has been clearly defined, it is important to reflect on the operation excellence programs within our company and continuous improvement carried out at the San Martin operation.”

Exploration on our Properties

We understand that it only takes **one great discovery** to change the forward-looking valuation of the company.

And Starcore's balanced and disciplined approach to exploration strategy is a top priority. Together, the company holds more than 30,000 Ha of concessions across attractive and friendly mining jurisdictions in Mexico and Canada.

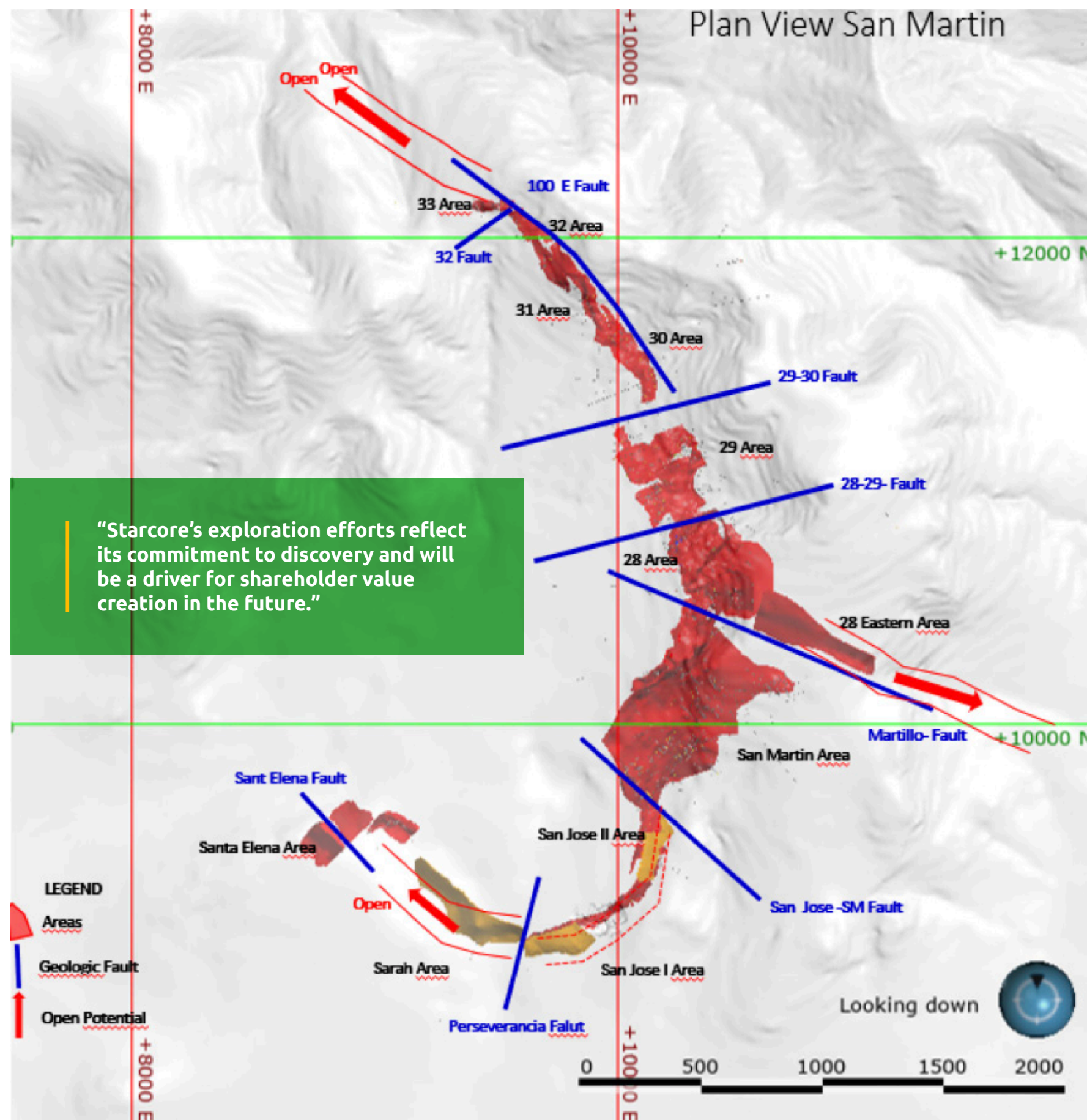
With the gold mining industry's history of mining the gold price instead of investing in the future, declining reserves and a shortage of high-quality projects are available. At Starcore, our strong exploration culture can lead to discovering exciting new opportunities.

By far, 2021 was Starcore's most active year in exploration with the maiden drilling campaign on the Opodepe Project and ongoing efforts to unlock the mystery of the San Martin mine.

The company released a new 43-101 report on the reserves at San Martin, discovered the new areas of bodies 28 and 33 with excellent drill results, and further announced a \$2 million dollar budget approved by the board of directors to be spread across our projects in the following manner:

- 1.** US \$1 million- San Martin mine concession with the following objectives:
 - a. To search for the extension of the San Martin Breccia in the southwest and eastern part of the mine
 - b. To confirm the geological potential of the north part of the concessions in the areas of Cerro Azul (North Area)
- 2.** US\$500,000 for El Creston, an advanced moly project located in Opodepe, Sonora Mexico, where Starcore will inject the capital for studies to confirm the presence of a copper porphyry at depth.

The program will include surveys, geophysical studies of magnetometry, and the development of new geological models from existing drill hole data.
- 3.** The balance of the exploration budget of US\$500,000 will be allocated towards new opportunities where Starcore has been invited to participate in potential joint ventures, such as the gold and silver project called California located in Durango, Mexico, a concession of 3,211 hectares, which is part of the mineralization trend of the San Dimas District.



Exploration on our Properties

Starcore International Mines, San Martin Mine Mineral Reserves and Resources

As of April 30, 2022

Category	Tonnes	Grade		Total Contained oz		
		(g Au/t)	(g Ag/t)	(oz Au)	(oz Ag)	(oz Au Eq)
Total Proven & Probable	1,348,433	1.74	13	75,353	573,257	82,560
Total Indicated & Inferred	1,481,770	1.78	14	84,999	643,744	93,092
Total Ounces Contained	2,830,204	1.76	13	160,352	1,217,001	175,652

-Reserve and Resource cut-off grades are based on a 1.41 g/t gold equivalent.
 -Metallurgical Recoveries of 86% gold and 55% silver.
 -Minimum mining widths of 2.0 meters.
 -Dilution factor of 20%.
 -Gold equivalents based on a 1:79.5 gold: silver ratio.
 -Price assumptions of \$1750 per ounce for gold and \$22 per ounce for silver.

Erme Enriquez C.P.G., BSc, MSc., is an independent consultant to the Company. He is a qualified person on the project as required under NI 43-101 and has prepared the technical information contained in this press release.



DRILLING HIGHLIGHTS - BBD AREA 28

#1 - OPDS-21-001; 6.73 m @	4.79 g/t AuEq
#7 - OPDS-21-018; 1.91 m @	2.30 g/t AuEq
#15 - OPDS-21-022; 2.19 m @	1.96 g/t AuEq

DRILLING HIGHLIGHTS - BBD AREA 33

#8 - DC3221-10; 3.00 m @	7.36 g/t Au	28 g/t Ag
#10 - DC3221-11; 8.00 m @	2.21 g/t Au	26 g/t Ag
#12 - DC3221-12; 0.50 m @	16.27 g/t Au	7 g/t Ag
#16 - DC3221-15; 0.60 m @	12.20 g/t Au	10 g/t Ag

DRILLING HIGHLIGHTS - BBD AREA 28

#2 - DC2820-214; 2.40 m @	2.14 g/t Au	57 g/t Ag
#3 - DC2820-215; 2.95 m @	2.42 g/t Au	21 g/t Ag
#4 - DC2820-217; 2.15 m @	8.08 g/t Au	15 g/t Ag



“Investing in social good has greater returns.”

Letter from the CFO

We have completed **another year** of stable operations and are building operational and financial **momentum** towards opportunities that will **yield** higher returns and, ultimately, **more value**.

This past year was one of exploration of our existing properties, and in particular our San Martin claims, which resulted in increased resources and steady production to our plant.

Our COO, Mr. Salvador Garcia, emphasized moving forward with our existing San Martin ore bodies and reviewing previously unexplored areas.

We were successful in finding additional economic grade ore as a result of this exploration, culminating in another year of excellent cash flow.

We were again able to consistently produce between 900 and 1,000 equivalent ounces per month, at slightly higher ore grades than the previous year, at a cash cost of only US\$62 per tonne, or US\$1,239 per ounce. While our all-in sustaining costs, or AISC, was higher at US\$1,601 per ounce compared to US\$1,380 in the prior year, our average metal prices realized in the year were US\$1,838 per ounce for gold and over US\$24.50 per ounce for silver resulting in excellent cash flow from operations of over \$5.8million, increasing our working capital to \$9.1million from \$5.8million last year with no outstanding debt.

Overall, the company reported a net income of \$2.4million, or \$0.05 per share, compared to \$2.9million in the prior year, or \$0.06 per share. The current year net income also includes a \$1.6million gain on sale of the Scottie claims royalty which was sold as a non-core asset.

As a result, we reported EBITDA of \$4.8million, compared to \$6.9million in the prior year, for 2 straight years of excellent results.

The operational success is creating a positive “Momentum” that is continuing into the 2023 year.

Management is using this momentum to ensure we develop our assets to provide for a long mine life, while also exploring alternative investments and production innovations that continue to improve our financial position for the future.

Gary Arca

Chief Financial Officer



Debt Free



56%
Increase in working capital



20%
Increase in net income



By the Numbers

\$8.8 million

Cash on hand at April 30, 2022



\$25.7 million
Gold and silver sales



US\$1,239/Eq
operating cash cost per equivalent ounce produced



11,165 ounces
of equivalent gold production

\$9.1 million

working capital at April 30, 2022



US\$1,239/EqOz
mine operating cash cost



\$2.4 million
net income

\$0.05

earnings per share



1.58 g/t
Gold Grade



\$2 Million
approved exploration budget



9,410 meters
of new diamond drilling at the San Martin mine

3,298 meters
drilling at the Opodepe project



2.5 AuEQ

Gold Ounces discovered per Metre drilled

51.4%

Silver recovery

5,448

new plants reforested into the local area and tailing stack



175,652
gold equivalent ounces as defined by our 43-101



88.2%
gold recovery



\$1239
cash costs per AuEq oz



23.0 g/t
silver grade

\$5.3 million
Earnings from mining operations



“Starcore has solid revenues, no debt, and a strong cash position, making it very attractive to investors.”

Letter from the President

At the close of the current fiscal year, and after a short period as the President of Starcore, I feel **grateful and privileged** to write a letter for the Annual Report on behalf of a company that **values** putting our **people first** and the **community at the center** of our activities.

Below, I touch briefly on some of the initiatives that we’ve been working on since I joined the company in January this year.

In the last few months, we have embarked on a pilot project with the General Direction of Mining at the Mexican Department of Economy, and the International Center of Excellence (ICE) of the United Nations.

The main objective is to change the paradigm of mining resource management in Mexico and eventually around the world, by defining a new framework and new progressive standards for sustainable mining.

It implies a multi-stakeholders dialogue with the government, companies, international organizations, and financial institutions that will redefine the long-term policies of the mining industry.

It is an ambitious program and Starcore is excited to be part of the leading group of only three mining companies in Mexico, invited to join the pilot project which is part of the United Nations’ 2030 Agenda for sustainable development.

In the same vein, Starcore continues to improve its reforestation projects at the mine site and is re-energizing its extracurricular projects in the community after the COVID 19 pandemic.

In addition to owning a stable gold-producing operation at the San Martin mine in Queretaro, we have accelerated the program of surveys and geophysical studies at our large Copper Molybdenum deposit at El Creston in the State of Sonora.

We will continue to focus on being an action-oriented junior mining company that incessantly seeks ways to create shareholder value through our strategic assets.

Pierre Alarie

President & Director

Committed to Reclamation

COMPANIA MINERA PEÑA DE BERNAL
S.A DE C.V.
UNIDAD SAN MARTIN
OLIVO
(*Dodonaea viscosa*)

MEZQUITE
(*Prosopis juliflora*)



Our Community

At Starcore, our team is focused on improving the **quality of life** within our **community** and beyond. We have a set of internal procedures related to **community relations** that are intended to channel the requests of the local communities, assess **their needs**, prioritize them, and evaluate the donations needed to **achieve** those goals. Here are a few key areas that make up the **foundation of our focus**:

Education and Employability:

Promoting learning opportunities ranging from basic education to technical skills and supporting the creation and development of small businesses that provide an economic alternative to mining-related jobs.

Infrastructure:

Supporting construction, improvement, or rehabilitation of community facilities, such as the church, playgrounds, and roads.

Health:

In partnership with government institutions, the company promotes several health campaigns in the communities such as dental, vaccines, nutrition, pet control, and others.

Sports:

Also, in partnership with government institutions and NGOs, Starcore supports summer camps for children and in the last two years has sponsored one of the main races that happen in Guanajuato.

Environment:

Starcore runs different environmental campaigns in the communities, such as the recycling of electronics, the reuse of tires to rehabilitate recreational sites, reforestation initiatives, cleaning up campaigns, and others.

Traditions and Culture:

Starcore supports different celebrations that happen in the community throughout the year, such as the day of the miner, mother's day, day of the dead, children's day, Christmas celebrations, and others.



Summer Course 2022

After two years of being postponed due to the pandemic, our summer course at San Martin was able to resume in 2022 with a total attendance of 134 children between the ages of five and twelve.

The camp began on August 8, with a schedule from 9am to 12pm for the duration of two weeks. The activities consisted of arts and crafts, relay games and survival skills, and baking classes where the children made delicious cookies. The main activities were carried out in groups and there were small prizes for competitions won. Daily lunch was prepared by the children's parents who also participated as volunteers throughout the week.

On the 18th, they were taken to the mine where they were welcomed by the mine manager and divided into four groups. The first stop was the nursery where they moved from the germination, transplanted, and the area where plants are ready for reforestation. Next, they were taken inside the mine to approximately 200 meters from the mine entrance. The children also painted a wall and left their hand prints and a message to their parents, uncles, and grandparents, to return home safely as they are waiting for them with loving arms.

The painting symbolizes a key message to mine personnel to practice safety and to take care of their team to return home safely to their home after shift.

The last major activity at the mine was to replant trees on the tailing stack and to see the growth of their plants from the previous year.

To top off the camp, the children are taken to a water park near the community to enjoy a pleasant day with their family.

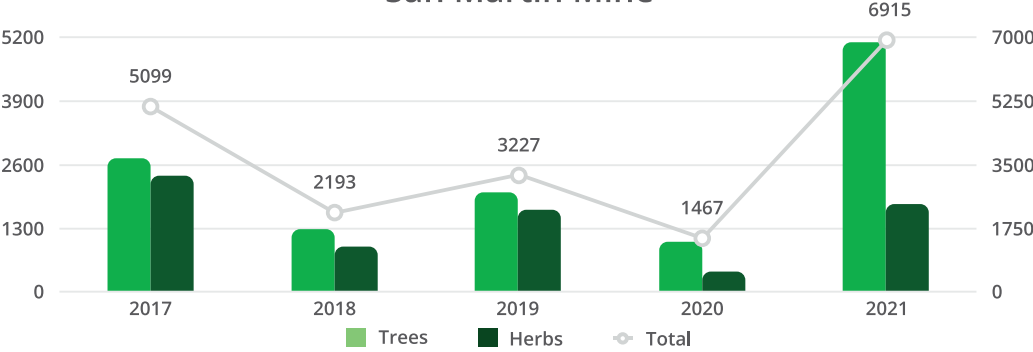
The summer course was considered a success in all respects, and we can't wait to welcome everyone back next year. A big thank you to those volunteers and everyone involved.

Nursery

Minimizing our Footprint

At the San Martin mine, the company focuses on the local environment with reforestation efforts to replant on the dry tailing stack, feed the workers, and replant native species to the area. This year saw an increase in the success of our reforestation efforts due to the adoption of new strategies. While each year has its own challenges such as climate change or the amount of rain, efforts to help the germination process are essential to reintroduce the plants and species into the local environment. This year, we also donated a total of 900 plants to the workers and their families and 600 to the local community.

History of Reforestation at the San Martin Mine



New Year, New Tray

Previously, plants were reproduced in trays, with a mixture of soil and grit for subsequent transplantation into a bag.

- Advantages:** more plants per tray in less space
- Disadvantages:** root damage at the time of transplant and lower survival

Solution

Currently the plants are reproduced in forest trays with 50 cavities with a substrate that is prepared based on peat, agrolite, vermiculite and slow-release fertilizer.

Advantages: better root development, greater growth, and planting control. Percentage of survival to bag transplant was 95-99%.

The reforestation team also implemented a micro-sprinkler irrigation system with a nutrient solution in trays to stimulate growth that ultimately helped with better development of the plants. Likewise, the rearrangement of the plant to a cement based floor was carried out to avoid rooting outside the bag.



The Value Proposition

1.

Cash flow

Our San Martin mine continues to produce profitable ounces that allow sustainable growth opportunities through the exploration of our portfolio of properties.

2.

Management

We continue to attract top-tier management with diverse backgrounds and a shared purpose of shareholder value creation.

3.

Corporate Social Responsibility

Our focus on all stakeholders allows us to create a continuous value chain that improves the lives of others and the environment.

“Our team shares a clear sense of purpose in stakeholder capitalism to unlock long-term value day in and day out.”

Robert Fadie

CEO & Director