

**Starcore International Mines Ltd.**  
**Interim Consolidated Financial Statements**  
**April 30, 2008**  
**(Unaudited)**

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**THE ACCOMPANYING FINANCIAL STATEMENTS FOR THE PERIOD ENDED APRIL 30, 2008 HAVE  
NOT BEEN REVIEWED OR AUDITED BY THE CORPORATION'S AUDITORS.**

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**Starcore International Mines Ltd.****Interim Consolidated Balance Sheets  
(in thousands of Canadian dollars) (Unaudited)**

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|  | April 30,<br>2008 | July 31,<br>2007 |
|--|-------------------|------------------|
| <b>Assets</b>  |                   |                  |
| <b>Current</b>   |                   |                  |
| Cash and cash equivalents (notes 4, 9 and 13)              | \$ 4,352          | \$ 9,055         |
| Amounts receivable (note 5)                                | 1,821             | 1,647            |
| Inventory (note 6)   | 1,527             | 1,149            |
| Marketable securities                                      | 5                 | 17               |
| Prepaid expenses and advances                              | 1,223             | 1,307            |
|  | <b>8,928</b>      | 13,175           |
| Mining interest, plant and equipment (note 7)              | 37,318            | 36,180           |
| Mineral properties and deferred exploration costs (note 8) | 806               | 754              |
|  | <b>\$ 47,052</b>  | <b>\$ 50,109</b> |
| <b>Liabilities</b>   |                   |                  |
| <b>Current</b>   |                   |                  |
| Accounts payable and accrued liabilities                   | \$ 6,086          | \$ 2,786         |
| Current portion of loan payable (note 9)                   | 1,904             | 4,132            |
|  | <b>7,990</b>      | 6,918            |
| Loan payable (notes 9 and 13)                              | 6,839             | 8,815            |
| Reclamation and closure cost obligations (note 10)         | 1,550             | 1,506            |
| Other long-term liabilities (note 11)                      | 2,173             | 1,786            |
| Future Income taxes  | 7,618             | 6,796            |
|  | <b>26,170</b>     | 25,821           |
| <b>Shareholders' Equity</b>                                |                   |                  |
| Share capital (note 12)                                    | 33,318            | 33,266           |
| Contributed surplus (note 12)                              | 3,811             | 2,704            |
| Warrants (notes 9 and 12)                                  | 6,202             | 6,202            |
| Accumulated other comprehensive loss                       | (5,348)           | (1,955)          |
| Deficit  | (17,101)          | (15,929)         |
|  | <b>20,882</b>     | 24,288           |
|  | <b>\$ 47,052</b>  | <b>\$ 50,109</b> |

**Commitments (notes 3, 8, 9, 10,11 and 12)  
Subsequent event (note 12)**

**Approved by the Directors:**

"Robert Eadie" Director

"Gary Arca" Director

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

## Starcore International Mines Ltd.

### Interim Consolidated Statements of Operations and Other Comprehensive Loss (in thousands of Canadian dollars except per share amounts) (Unaudited)

|   | For the three months ended<br>April 30, |                      | For the nine months ended<br>April 30, |                      |
|---|---|----------------------|--|----------------------|
|   | 2008                                    | 2007                 | 2008                                   | 2007                 |
|   |   | Restated –<br>Note 1 |  | Restated –<br>Note 1 |
| <b>Revenues</b> (note 13)                               |   |                      |  |                      |
| Mined ore   | \$ 4,298                                | \$ 6,393             | \$ 12,393                              | \$ 6,393             |
| Purchased concentrate                                   | 2,920                                   | 2,874                | 7,674                                  | 2,874                |
|   | 7,218                                   | 9,267                | 20,067                                 | 9,267                |
| <b>Cost of Sales</b>                                    |   |                      |  |                      |
| Mined Ore   | 2,593                                   | 2,654                | 7,166                                  | 2,654                |
| Purchased concentrate                                   | 2,836                                   | 2,641                | 7,502                                  | 2,641                |
| Reclamation and closure                                 | 23                                      | 19                   | 55                                     | 19                   |
| Amortization and depletion                              | 540                                     | 744                  | 1,623                                  | 744                  |
|   | 5,992                                   | 6,058                | 16,346                                 | 6,058                |
| <b>Earnings from mining operations</b>                  | 1,226                                   | 3,209                | 3,721                                  | 3,209                |
| <b>Administrative Expenses</b>                          |   |                      |  |                      |
| Amortization  | 10                                      | 9                    | 29                                     | 15                   |
| Stock-based compensation (note 12)                      | 260                                     | 1,285                | 1,107                                  | 1,520                |
| Interest on long-term debt                              | 204                                     | 313                  | 624                                    | 313                  |
| Financing fees (note 9)                                 | 41                                      | 1,221                | 118                                    | 1,221                |
| Professional and consulting fees                        | 13                                      | 142                  | 221                                    | 178                  |
| Management fees and salary                              | 88                                      | 103                  | 537                                    | 134                  |
| Office, travel and miscellaneous                        | 136                                     | 439                  | 817                                    | 536                  |
| Shareholder relations                                   | 85                                      | 366                  | 367                                    | 605                  |
| Transfer agent and regulatory fees                      | 23                                      | 14                   | 38                                     | 90                   |
|   | 860                                     | 3,893                | 3,858                                  | 4,613                |
| <b>Income (loss) before other income (expense)</b>      | 366                                     | (684)                | (137)                                  | (1,404)              |
| <b>Other income (expense)</b>                           |   |                      |  |                      |
| Foreign exchange  | 303                                     | 67                   | 28                                     | (44)                 |
| Investment and interest income                          | 21                                      | 91                   | 99                                     | 274                  |
| Write-off of mineral property                           | -                                       | -                    | -                                      | (239)                |
| <b>Income (loss) before income taxes and taxes</b>      | 690                                     | (526)                | (10)                                   | (1,413)              |
| <b>Current income tax (recovery)</b>                    | (36)                                    | (33)                 | 12                                     | (33)                 |
| <b>Future income tax</b>                                | 508                                     | (1,049)              | 1,150                                  | (1,049)              |
| <b>Net income (loss) for the period</b>                 | 218                                     | (1,608)              | (1,172)                                | (2,495)              |
| <b>Other Comprehensive loss:</b>                        |   |                      |  |                      |
| Foreign currency translation adjustment                 | (73)                                    | (707)                | (3,386)                                | (707)                |
| Unrealized gain (loss) on available-for-sale securities | 21                                      | 15                   | (7)                                    | 15                   |
| <b>Total other comprehensive loss</b>                   | (52)                                    | (692)                | (3,400)                                | (692)                |
| <b>Comprehensive income (loss) for the period</b>       | \$ 166                                  | \$ (2,300)           | \$ (4,572)                             | \$ (3,187)           |
| <b>Basic and diluted income (loss) per share</b>        | \$ 0.00                                 | \$ (0.03)            | \$ (0.02)                              | \$ (0.09)            |
| <b>Basic and diluted number of shares outstanding</b>   | 60,790,789                              | 60,281,940           | 60,786,044                             | 28,590,752           |

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

# Starcore International Mines Ltd.

## Interim Consolidated Statements of Cash Flows (in thousands of Canadian dollars)

|  | For the three months ended<br>April 30, |                      | For the nine months ended<br>April 30, |                      |
|--|---|----------------------|--|----------------------|
|  | 2008                                    | 2007                 | 2008                                   | 2007                 |
|  |   | Restated –<br>Note 1 |  | Restated –<br>Note 1 |
| <b>Cash provided by (used in)</b>                            |   |                      |  |                      |
| <b>Operating activities</b>                                  |   |                      |  |                      |
| Loss for the year  | \$ 218                                  | \$ (1,608)           | \$ (1,172)                             | \$ (2,495)           |
| Items not involving cash                                     |   |                      |  |                      |
| Amortization and depletion                                   | 550                                     | 753                  | 1,652                                  | 759                  |
| Stock-based compensation                                     | 260                                     | 1,285                | 1,107                                  | 1,520                |
| Deferred lease inducement recognized                         | (1)                                     | (1)                  | (2)                                    | (5)                  |
| Financing fees (note 9)                                      | 41                                      | 178                  | 118                                    | 44                   |
| Employee profit sharing (note 11)                            | 100                                     | -                    | 471                                    | -                    |
| Reclamation and closure                                      | 23                                      | 12                   | 55                                     | 12                   |
| Future income tax  | 508                                     | 1,049                | 1,150                                  | 1,049                |
| Write-off of mineral property                                | -                                       | -                    | -                                      | 239                  |
|  | 1,699                                   | 1,668                | 3,379                                  | 1,046                |
| Change in non-cash working capital items                     |   |                      |  |                      |
| Prepaid expenses and advances                                | (644)                                   | (176)                | 4                                      | (178)                |
| Amounts receivable   | (219)                                   | (1,205)              | (1,697)                                | (1,230)              |
| Inventory  | (70)                                    | (462)                | (415)                                  | (462)                |
| Accounts payable and accrued liabilities                     | 783                                     | 564                  | 2,565                                  | 767                  |
| Current portion of long-term debt                            | (193)                                   | -                    | -                                      | -                    |
| <b>Total cash provided by (used in) operating activities</b> | <b>1,356</b>                            | <b>389</b>           | <b>3,836</b>                           | <b>(10)</b>          |
| <b>Financing activities</b>                                  |   |                      |  |                      |
| Loan payable   | (457)                                   | 15,387               | (3,578)                                | 15,387               |
| Issue of share capital                                       | -                                       | 19,323               | -                                      | 20,812               |
| <b>Total cash (used in) financing activities</b>             | <b>(457)</b>                            | <b>34,710</b>        | <b>(3,578)</b>                         | <b>36,199</b>        |
| <b>Investing activities</b>                                  |   |                      |  |                      |
| Business acquisition   | -                                       | (28,543)             | -                                      | (28,700)             |
| Cash acquired on business acquisition                        | -                                       | 56                   | -                                      | 56                   |
| Mining interest, plant and equipment                         | (2,841)                                 | (1,084)              | (4,661)                                | (1,086)              |
| Mineral properties and deferred exploration costs            | -                                       | -                    | -                                      | (47)                 |
| <b>Total cash (used in) investing activities</b>             | <b>(2,841)</b>                          | <b>(29,571)</b>      | <b>(4,661)</b>                         | <b>(29,777)</b>      |
| <b>Effect of foreign currency translation on cash</b>        | <b>414</b>                              | <b>339</b>           | <b>(300)</b>                           | <b>339</b>           |
| <b>Net increase (decrease) in cash and cash equivalents</b>  | <b>(1,528)</b>                          | <b>5,867</b>         | <b>(4,703)</b>                         | <b>6,751</b>         |
| <b>Cash and cash equivalents, beginning of period</b>        | <b>5,880</b>                            | <b>1,513</b>         | <b>9,055</b>                           | <b>629</b>           |
| <b>Cash and cash equivalents, end of period</b>              | <b>\$ 4,352</b>                         | <b>\$ 7,380</b>      | <b>\$ 4,352</b>                        | <b>\$ 7,380</b>      |
| Supplementary disclosure of cash flow information            |   |                      |  |                      |
| Cash paid for (recovered from):                              |   |                      |  |                      |
| Interest   | \$ 204                                  | \$ -                 | \$ 624                                 | \$ -                 |
| Income taxes   | \$ (36)                                 | \$ 33                | \$ 12                                  | \$ 33                |

Non-cash transactions - notes 9, 10 and 13

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

## Starcore International Mines Ltd.

### Interim Consolidated Statement of Shareholders' Equity for the period July 31, 2006 to April 30, 2008 (in thousands of Canadian dollars except per share amounts) (unaudited)

|   | Shares            | Amount           | Shares<br>Subscribed<br>Not Issued | Contributed<br>Surplus | Warrants        | Accumulated<br>Other<br>Comprehensive<br>Loss | Deficit            | Total            |
|---|-------------------|------------------|------------------------------------|------------------------|-----------------|---|--------------------|------------------|
| Balance July 31, 2006   | 12,717,999        | 14,960           | 6,892                              | 465                    | -               | -   | (13,711)           | 8,606            |
| Issued for cash pursuant to:                                  |                   |                  |                                    |                        |                 |   |                    |                  |
| Private placement at \$0.50                                   | 37,400,000        | 14,226           | (6,892)                            | -                      | 4,474           | -   | -                  | 11,808           |
| Private placement at \$0.56                                   | 1,785,714         | 763              | -                                  | -                      | 237             | -   | -                  | 1,000            |
| Exercise of warrants at \$0.60                                | 2,145,332         | 1,287            | -                                  | -                      | -               | -   | -                  | 1,287            |
| Exercise of options at \$0.40                                 | 925,000           | 577              | -                                  | (207)                  | -               | -   | -                  | 370              |
| Exercise of options at \$0.68                                 | 50,000            | 61               | -                                  | (27)                   | -               | -   | -                  | 34               |
| Exercise of warrants at \$0.80                                | 390,000           | 405              | -                                  | -                      | (93)            | -   | -                  | 312              |
| Agents' commissions, fees and legal fees                      | 447,144           | (1,378)          | -                                  | -                      | 476             | -   | -                  | (902)            |
| Issued for acquisition of Bernal at \$0.50                    | 4,729,600         | 2,365            | -                                  | -                      | -               | -   | -                  | 2,365            |
| Stock based compensation                                      | -                 | -                | -                                  | 2,473                  | -               | -   | -                  | 2,473            |
| Fair value of warrants issued pursuant to loan payable        | -                 | -                | -                                  | -                      | 1,108           | -   | -                  | 1,108            |
| Other comprehensive loss for the year                         | -                 | -                | -                                  | -                      | -               | (1,955)                                       | -                  | (1,955)          |
| Net loss for the year   | -                 | -                | -                                  | -                      | -               | -   | (2,218)            | (2,218)          |
| Balance July 31, 2007   | 60,590,789        | 33,266           | -                                  | 2,704                  | 6,202           | (1,955)                                       | (15,929)           | 24,288           |
| Issued pursuant to Cerro de Dolores Property Option Agreement | 100,000           | 52               | -                                  | -                      | -               | -   | -                  | 52               |
| Stock based compensation                                      | -                 | -                | -                                  | 1,107                  | -               | -   | -                  | 1,107            |
| Other comprehensive loss for the year                         | -                 | -                | -                                  | -                      | -               | (3,393)                                       | -                  | (3,393)          |
| Net loss for the period                                       | -                 | -                | -                                  | -                      | -               | -   | (1,172)            | (1,172)          |
| <b>Balance April 30, 2008</b>                                 | <b>60,690,789</b> | <b>\$ 33,318</b> | <b>\$ -</b>                        | <b>\$ 3,811</b>        | <b>\$ 6,202</b> | <b>\$ (5,348)</b>                             | <b>\$ (17,101)</b> | <b>\$ 20,882</b> |

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

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# Starcore International Mines Ltd.

## Notes to the Interim Consolidated Financial Statements (in thousands of Canadian dollars unless stated otherwise) (unaudited)

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April 30, 2008

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### 1. Nature of Operations

Starcore International Mines Ltd. (the "Company" or "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 TSX Exchange. 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.

With respect to exploration properties, the economic recoverability of the properties' reserves has yet to be determined. The recoverability of amounts from the properties will be dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying properties, the ability of the Company to obtain necessary financing to satisfy the expenditure requirements under the property agreement and to complete the development of the properties and upon future profitable production or proceeds from the sale thereof. The outcome of these matters cannot be predicted with any certainty at this time.

The Company's continued existence as a going concern is dependent upon its ability to continue profitable operations first generated in 2007 at its San Martin Mine. Management also is continuing to pursue efforts to diversify the Company's resource property holdings through acquisition and merger opportunities. Although there are no assurances that profitable operations will continue management believes the Company will be able to continue operations into the future.

During the process of preparing the annual financial statements for the year ended July 31, 2007, management of the Company determined (in consultation with its auditors) that an alternate interpretation of Canadian Generally accepted accounting principles ("GAAP") as it applied to some transactions would better reflect the substance of these transactions originally reported in the April 30, 2007 interim consolidated financial statements. The most significant changes in interpretation are as follows:

- i) Originally, warrants issued during the year in conjunction with private placements (Note 12) were assigned no value based on the understanding that shares and warrants were issued as a unit and that the total value should be allocated to share capital. It has been determined that private placement warrants should be allocated a value based on an allocation of the financing proceeds, pro-rated using the market value of the shares issued, and combined with the fair value of the Warrants determined using a Black-Scholes model. These amounts are then included in Warrants in the Shareholders' Equity section of the balance sheet.
- ii) Loan warrants (Note 9) were determined to have a fair value using the Black-Scholes fair value pricing model, which was represented by a non-cash charge to the statement of operations during the period and an inclusion as Warrants in shareholder's equity. Management has concluded that Loan warrants represent embedded derivatives and should have a fair value which represents a discount to the Loan balance and an inclusion as Warrants in shareholders' equity. The Loan discount should be the difference between the present value of the Loan at the actual interest rate and the rate the Loan would have had if no warrants had been issued to the creditor; this difference is accreted and offset as a non-cash charge to the statement of operations over the term of the Loan or as the Loan is repaid on a pro-rata basis.

As a result of the above, the unaudited interim consolidated financial statements as at April 30, 2007 previously presented by the Company have been comprehensively restated. The Company believes the restatement largely represents a change in the presentation of its accounts and the accounting treatment of the transactions and does not affect the business or operations of the Company.

The earnings from mining operations for the comparative nine month period ended April 30, 2007, includes only three months of mining operations from the date of Acquisition (Note 3), February 1, 2007 to April 30, 2007. The current nine month period ended April 30, 2008, includes mining operations for the complete nine month period.

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## Starcore International Mines Ltd.

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

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April 30, 2008

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#### 2. Interim Reporting

While the information presented in the accompanying financial statements is unaudited, it includes all adjustments which are, in the opinion of management, necessary to present fairly the financial position, results of operations and cash flows for the interim period in accordance with Canadian generally accepted accounting principles. It is suggested that these interim unaudited financial statements be read in conjunction with the Company's audited financial statements for the year ended July 31, 2007.

These unaudited interim consolidated financial statements follow the same accounting policies and methods as the Company's most recent annual audited consolidated financial statements. Operating results for the three and nine months ended April 30, 2008 are not necessarily indicative of the results that can be expected for the year ending July 31, 2008. The operating results for the three and nine months ended April 30, 2008 are materially different than the three and nine months ended April 30, 2007 due to the Acquisition of Bernal and the San Martin Mine (note 3).

#### 3. Acquisition of Bernal

On February 1, 2007, pursuant to a Share Purchase Agreement dated September 25, 2006, the Company completed the Acquisition of Bernal, the owner and operator of the San Martin Mine in Queretaro, Mexico, from Luismin S.A. de C.V. ("Luisman"), a wholly owned subsidiary of Goldcorp, Inc. (the "Acquisition"). Pursuant to the Acquisition the Company paid US\$24 million or \$28,248 and issued 4,729,600 common shares to Luismin at a fair value of US\$2 million or \$2,365. The San Martin mine has been in operation since 1993 producing gold and silver and the Acquisition represents the purchase of a self sustaining mining operation in Mexico for the Company, which was accounted for using the purchase method of accounting. The allocation of the consideration to net assets, valued at fair value at acquisition, is outlined in detail in the Company's audited financial statements for the year ended July 31, 2007.

Pursuant to the Acquisition agreement, Luismin operated the mine on behalf of the Company until January 31, 2008. In addition, the Company has agreed to grant Goldcorp Inc. a security interest over the Bernal mining properties as collateral to ensure that Bernal maintains an agreement to sell all silver produced from the mine to Goldcorp Inc. until October, 2029, at the prevailing spot market rate at the time of the silver sale.

#### 4. Cash and Cash Equivalents

Cash equivalents and restricted cash include Guaranteed Investment Certificates and/or Government of Canada Treasury bills with a market value of \$1,566 (July 31, 2007 - \$3,067) earning interest income at approximately 3% - 4.5% per annum. Substantially all of the Company's cash is held at three financial institutions (HSBC Bank, Bank of Montreal and Banamex Bank of Mexico) and as such the Company is exposed to the risks of those financial institutions. The Company does not have investments in asset backed security instruments.

#### 5. Amounts Receivable

|  | April 30,<br>2008 | July 31,<br>2007 |
|--|-------------------|------------------|
| Value added tax and Goods and Services Tax | \$ 1,623          | \$ 830           |
| Customers                                  | 39                | 28               |
| Advances to contractors and employees      | 147               | 94               |
| Other                                      | 12                | 695              |
|  | <b>\$ 1,821</b>   | <b>\$ 1,647</b>  |

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

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**April 30, 2008**

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**6. Inventory**

|                 | April 30,<br>2008 | July 31,<br>2007 |
|-----------------|-------------------|------------------|
| Dore            | \$ 673            | \$ 267           |
| Work-in-process | 160               | 160              |
| Supplies        | 694               | 722              |
|                 | <b>\$ 1,527</b>   | <b>\$ 1,149</b>  |

**7. Mining Interests, Plant and Equipment**

|   | April 30,<br>2008 |  |                  |
|---|-------------------|--|------------------|
|   | Cost              | Accumulated<br>amortization<br>and depletion | Net book value   |
| Mining interest                           | \$ 32,273         | \$ 2,046                                     | \$ 30,227        |
| Plant and equipment                       | 7,846             | 872  | 6,974            |
| Corporate office equipment and leaseholds | 195               | 78   | 117              |
|   | <b>\$ 40,314</b>  | <b>\$ 2,996</b>                              | <b>\$ 37,318</b> |

  

|   | July 31,<br>2007 |  |                  |
|---|------------------|--|------------------|
|   | Cost             | Accumulated<br>amortization<br>and depletion | Net book value   |
| Mining interest                           | \$ 30,256        | \$ 1,003                                     | \$ 29,253        |
| Plant and equipment                       | 7,148            | 358  | 6,790            |
| Corporate office equipment and leaseholds | 193              | 56   | 137              |
|   | <b>\$ 37,597</b> | <b>\$ 1,417</b>                              | <b>\$ 36,180</b> |

**8. Mineral Properties and Deferred Exploration Costs****a) Cerro de Dolores, Mexico**

The Company entered into an option agreement effective December 15, 2003, and amended July 23, 2007 with Wheaton River Minerals Ltd. ("Wheaton") and two of Wheaton's subsidiaries, Luismin and Compañía Minera Astumex, S.A. de C.V. (collectively, "Goldcorp/Wheaton") for the acquisition of up to an 80% interest in the Cerro de Dolores property (the "Agreement") subject to a 3% net smelter return royalty.

In order to exercise an initial option and acquire a 51% interest in the property, the Company must issue a total of 250,000 post consolidation common shares and incur US \$1.4 million in exploration expenditures on the property over a six year period to June 2010. To January 31, 2008 the Company has incurred approximately US\$475 in direct work expenditures on the property and are required to incur US\$600 of the US\$1.4 million by June 23, 2008.

**b) Black Silver, Arizona**

In January, 2005, as amended January 10, 2006, the Company entered into an option agreement to acquire a 100% interest in the Black Silver Property located in southern Arizona. During the period ended April 30, 2007, the Company decided to abandon this option and recognize a loss of \$239 on the write-off of the mineral property and related deferred exploration costs.



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

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**April 30, 2008**

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**8. Mineral Properties and Deferred Exploration Costs – (cont'd)****c) Summary of Mineral Properties and Deferred Exploration Costs**

|   | Nine months ended<br>April 30, 2008 | Year ended<br>July 31, 2007 |
|---|-------------------------------------|-----------------------------|
| <b>Cerro de Dolores</b>   |                                     |                             |
| Balance, beginning of period  | \$ 754                              | \$ 719                      |
| Acquisition costs   | 52                                  | -                           |
| Assays and sampling   | -                                   | 1                           |
| Consulting  | -                                   | 7                           |
| General & administration  | -                                   | 17                          |
| Travel and transportation   | -                                   | 10                          |
| Current period expenditures   | 52                                  | 35                          |
| <b>Balance, end of period</b>   | <b>806</b>                          | <b>754</b>                  |
| <b>Black Silver</b>   |                                     |                             |
| Balance, beginning of period  | -                                   | 220                         |
| Assays and sampling   | -                                   | 3                           |
| Consulting  | -                                   | 1                           |
| License fees  | -                                   | 5                           |
| Travel and transportation   | -                                   | 10                          |
| Current period expenditures   | -                                   | 19                          |
| Write-off of mineral property   | -                                   | (239)                       |
| <b>Balance, end of period</b>   | <b>-</b>                            | <b>-</b>                    |
| <b>Total Mineral Properties Deferred Acquisition<br/>Exploration Expenses</b> | <b>\$ 806</b>                       | <b>\$ 754</b>               |

**9. Loan Payable**

Pursuant to the Acquisition of Bernal, the Company arranged a US\$13 million bank Loan with Investec Bank (U.K.) Limited ("Investec") which is repayable quarterly and matures on January 31, 2013. The Loan bears interest at LIBOR plus 3%, subject to an increase to LIBOR plus 4% upon an event of default, and is secured by all of the assets of Bernal, all of the shares of Bernal, and by a guarantee from the Company. At April 30, 2008, the effective rate of interest to the Company was 7.85% based upon a six month Libor rate set at October 31, 2007 and was set at 5.9% for the next 3 month period to July 31, 2008. The Company has the right to repay the Loan at any time without penalty. The Loan consists of two Tranches as follows:

- a) Tranche A for US\$8million is repayable as to interest each three to six months and principal each three months, with the balance due by July 31, 2010. In connection with the Tranche A Loan, the Company issued and have outstanding 12,442,000 detachable warrants ("Loan warrants") exercisable to acquire common shares of the Company at a price of Cdn\$0.76 (or US\$0.643) per share until January 31, 2011. The warrants are non-transferable, except by agreement of the Company, and are exercisable first to directly reduce the outstanding Loan balance at the rate of US\$0.643 per warrant exercised and, once the Loan balance is repaid, for cash to the Company at the rate of Cdn \$0.76 per warrant exercised. During the period ended April 30, 2008, the Company has made principal payments on the Tranche A loan totaling US\$3.58 million; and,

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**Starcore International Mines Ltd.****Notes to the Interim Consolidated Financial Statements  
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**9. Loan Payable – (cont'd)**

- b) Tranche B for US\$5million is repayable as to interest each three to six months and principal each three months beginning July 31, 2010 for principal, with the balance due by January 31, 2013. In connection with the Tranche B Loan, the Company issued and have outstanding 6,794,000 detachable warrants ("Loan warrants") exercisable to acquire common shares of the Company at a price of Cdn\$0.87 (or US\$0.736) per share until January 31, 2012. The warrants are non-transferable, except by agreement of the Company, and are exercisable first to directly reduce the outstanding Loan balance at the rate of US\$0.736 per warrant exercised and, once the Loan balance is repaid, for cash to the Company at the rate of Cdn \$0.87 per warrant exercised.

The Loan agreement also required that the Company enter into a forward sales agreement for the sale of 81,876 ounces of gold at a price of US\$731 per ounce. The sales of approximately 1,135 ounces per month occur over the period of the Loan from February 28, 2007, to January 31, 2013. As at April 30, 2008, 65,132 ounces remained under forward sales contracts.

The Loan warrants were determined to have a fair value of \$1,108, which represents a discount to the total Loan balance and are included as Warrants in shareholder's equity. The Loan discount is difference between the present value of the Loan at the actual interest rate (LIBOR plus 3%) and the rate the loan would have had if no warrants had been issued to Investec (LIBOR plus 6%) and is accreted and offset as a non-cash charge to the statement of operations over the term of the loan or as the Loan is repaid on a pro-rata basis. The amount accreted for the period ended April 30, 2008 was \$118. In addition, the Company incurred direct cash transaction costs of the Loan financing of \$1,121, which were charged to the statement of operations at February 1, 2007.

A term of the Loan financing requires that the Company fund a Debt Service Reserve Account ("DSRA"), which will maintain a balance equal to six months loan principal and interest at all times. Investec has agreed to a fixed DSRA funding commitment of US\$500. The principal due over the next year to January 31, 2009 of \$1,904 is shown as a current liability on the Company's balance sheet and is in addition to the funding of the DSRA.

A summary of the Loans is as follows:

|   | April 30,<br>2008 | July 31,<br>2007 |
|---|-------------------|------------------|
| Tranche A Loan                                  | \$ 4,457          | \$ 8,534         |
| Tranche B Loan                                  | 5,036             | 5,333            |
|   | <b>9,493</b>      | 13,867           |
| Less: Discount                                  | 750               | 920              |
|   | <b>8,743</b>      | 12,947           |
| Less: Current portion                           | 1,904             | 4,132            |
| Long-term portion                               | \$ 6,839          | \$ 8,815         |
| <b>Principal due for the fiscal year ended:</b> |                   |                  |
| July 31, 2008                                   |                   | \$ 458           |
| 2009  |                   | 2,290            |
| 2010  |                   | 1,964            |
| 2011  |                   | 1,244            |
| 2012  |                   | 2,094            |
| 2013  |                   | 1,443            |
|   |                   | <b>\$ 9,493</b>  |

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## Starcore International Mines Ltd.

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

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#### 10. Reclamation and Closure Cost Obligations

The Company's asset retirement obligations consist of reclamation and closure costs for mines. The present value of obligations is currently estimated at \$1,550 (July 31, 2007 - \$1,506) reflecting undiscounted payments assumed at the end of the mine life of MP\$28,058 or \$2,677 which the Company has estimated and calculated annually over 10 to 12 years. Such liability was determined using a credit-adjusted risk free rate of 8%, an inflation rate of 4%, and undiscounted cash flows required to settle the obligation of approximately \$1,952. 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 period are as follows:

|  | April 30,<br>2008 | July 31,<br>2007 |
|--|-------------------|------------------|
| Balance, beginning of period                                 | \$ 1,506          | \$ -             |
| Balance February 1, 2007 on acquisition of Bernal            | -                 | 1,470            |
| Accretion expense  | 55                | 23               |
| Revisions in assumptions, estimates and liabilities incurred | (11)              | 13               |
| <b>Balance, end of period</b>                                | <b>\$ 1,550</b>   | <b>\$ 1,506</b>  |

#### 11. Other Long – Term Liabilities

Under Mexican tax laws, the Company 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 will become payable as the Company earns taxable income.

#### 12. Share Capital

##### a) Authorized

Unlimited common shares with no par value

##### b) Shares issued

During the nine months ended April 30, 2008:

- (i) The Company issued 100,000 common shares at \$0.52 per share pursuant to the Cerro de Dolores property option agreement.

During the year ended July 31, 2007:

- (i) In order to finance the Acquisition of Bernal, the Company issued 37,400,000 units at a price of \$0.50 per unit for gross proceeds of \$18,700 (the "Offering"). Each unit consists of one common share and one-half of one warrant. Each full warrant is exercisable into one additional common share until August, 2009 as to 7,613,400 warrants and January, 2010 as to 11,086,600 warrants, at an exercise price of \$0.80 per share. The warrants include an early expiry feature which may be triggered should the common shares close above \$2.50 over a minimum period of forty-five calendar days. The shares and warrants were issued concurrently with the closing of the Acquisition.

Pursuant to the Offering, the Company incurred cash commissions of \$833, issued 447,144 common shares and granted 879,840 agents warrants entitling the holder to acquire one share at \$0.80 until February, 2008, which expired unexercised in the current period.

- (ii) Pursuant to the Acquisition the Company also issued 4,729,600 common shares to Luismin at a fair value of \$2,365 based on the market value of the Company's stock at the date of the Acquisition agreement.

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**Starcore International Mines Ltd.****Notes to the Interim Consolidated Financial Statements  
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**April 30, 2008**

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**12. Share Capital – (cont'd)****b) Shares issued – (cont'd)**

- (iii) The Company issued 1,785,714 units at a price of \$0.56 per unit, for proceeds of \$1,000. Each unit is comprised of one common share and one-half of one non-transferable share purchase warrant. Each warrant is exercisable into one additional common share until February, 2010, at a price of \$0.80. The warrants include an early expiry feature, which the Company may trigger should the common shares close above \$2.50 over a minimum period of forty-five calendar days. The Company paid a cash commission of \$60 pursuant to the private placement.
- (iv) The Company issued 975,000 shares at \$0.40 to \$0.68 for proceeds of \$404 pursuant to the exercise of share purchase options, and 2,535,332 shares at \$0.60 to \$0.80 for proceeds of \$1,599 pursuant to the exercise of warrants.

**c) Options Outstanding**

A summary of the Company's outstanding stock options as of April 30, 2008 and July 31, 2007 and the changes during the periods then ended is presented below:

|                                      | Number of<br>options | Weighted<br>average<br>exercise price |
|--------------------------------------|----------------------|---------------------------------------|
| Outstanding at July 31, 2006         | 2,294,000            | \$ 0.42                               |
| Option exercised                     | (975,000)            | \$ 0.41                               |
| Options granted                      | 8,605,822            | \$ 0.95                               |
| Options cancelled/expired            | (355,000)            | \$ 0.48                               |
| Outstanding at July 31, 2007         | 9,569,822            | \$ 0.89                               |
| Options granted                      | 1,250,000            | \$ 0.78                               |
| Options cancelled                    | (1,550,000)          | \$ 1.06                               |
| <b>Outstanding at April 30, 2008</b> | <b>9,269,822</b>     | <b>\$ 0.86</b>                        |
| <b>Exercisable at April 30, 2008</b> | <b>6,134,536</b>     | <b>\$ 0.88</b>                        |

At April 30, 2008, there were 9,269,822 stock options outstanding entitling the holders thereof the right to purchase one common share for each option held as follows:

| Number of Shares | Number<br>exercisable | Exercise Price | Expiry Date       |
|------------------|-----------------------|----------------|-------------------|
| 500,000          | 500,000               | \$ 0.40        | March 23, 2010    |
| 424,000          | 424,000               | \$ 0.40        | January 26, 2011  |
| 40,000           | 40,000                | \$ 0.40        | March 2, 2011     |
| 525,822          | 350,548               | \$ 0.60        | December 20, 2011 |
| 4,180,000        | 3,619,997             | \$ 1.06        | January 22, 2012  |
| 50,000           | 33,333                | \$ 1.06        | February 2, 2012  |
| 2,300,000        | 766,667               | \$ 0.78        | July 9, 2012      |
| 1,250,000        | 416,658               | \$ 0.78        | October 24, 2012  |
| <b>9,269,822</b> | <b>6,134,536</b>      |                |                   |

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## Starcore International Mines Ltd.

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

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April 30, 2008

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#### 12. Share Capital – (cont'd)

##### d) Stock Based Compensation

The Company, in accordance with the policies of the Exchange, 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;
- (c) the remaining 1/3 of the options granted will vest eighteen months after the grant date.

The fair value of options granted during the past three fiscal years was estimated as follows using the Black-Scholes option-pricing model with the following weighted average assumptions at date of grant:

|  | Nine months ended<br>April 30,<br>2008 | Year ended<br>July 31,<br>2007 |
|--|--|--------------------------------|
| Number of options granted              | 1,250,000                              | 8,605,822                      |
| Dividend Rate                          | \$0                                    | \$0                            |
| Risk free interest rate                | 4.28%                                  | 4.19%                          |
| Expected life                          | 5 years                                | 5 years                        |
| Expected annual volatility             | 102%                                   | 82%                            |
| Average strike price                   | \$0.78                                 | \$0.95                         |
| Weighted average fair value per option | \$0.53                                 | \$0.61                         |
| Fair Value of Stock Based Compensation | \$567                                  | \$5,209                        |

Based on the above, the fair value of the stock options vested during the period ended April 30, 2008 was \$1,107, which has been recorded in the statement of operations and credited to contributed surplus.

##### e) Warrants Outstanding

Pursuant to the Loan financing in the year ended July 31, 2007, the Company issued 19,236,000 detachable warrants exercisable to acquire common shares of the Company. Of these warrants, 12,442,000 warrants are exercisable at a price of Cdn\$0.76 (or US\$0.643) per share until January 31, 2011, and 6,794,000 warrants are exercisable until January 31, 2012, at a price of Cdn\$0.87 (or US\$0.736), and for a further period of one year if any of the Loan remains outstanding at a price equal to the greater of Cdn\$0.87 (or US\$0.736) and 160% of the volume weighted average trading price of the Company's common shares for the five business days before January 31, 2013.

The value of the 19,236,000 warrants issued pursuant to the Loan was estimated to be \$1,108 which was equal to the discount calculated on the Loan. This value of the 19,236,000 warrants has been credited to warrants on the balance sheet.

The warrants issued in conjunction with the \$18,700 private placement have been assigned a value of \$4,713 or \$0.25 per whole warrant. Warrants issued with the \$1,000 private placement have been assigned a value of \$252 or \$0.28 per whole warrant. Private placement warrants were allocated a value based on an allocation of the financing proceeds which was pro-rated using the market value of the shares issued, combined with the fair value of the Warrants determined using a Black-Scholes fair value pricing model. These amounts have been included in Warrants in the Shareholders' Equity section of the balance sheet.

Pursuant to the \$18,700 offering, the Company granted 879,840 agents warrants. Each full warrant is exercisable into one additional common share for one year at an exercise price of \$0.80 per share. The warrants include an early expiry feature which may be triggered should the common shares close above \$2.50 over a minimum period of forty-five calendar days.

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## Starcore International Mines Ltd.

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

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#### 12. Share Capital – (cont'd)

##### e) Warrants Outstanding – (cont'd)

The fair value of the 879,840 agents' warrants issued pursuant to the offering was estimated to be \$476 using the Black-Scholes fair value pricing model, and has been recorded in share capital and credited to warrants on the balance sheet. These warrants expired unexercised on February 1, 2008.

A summary of the Company's outstanding share purchase warrants at April 30, 2008 and July 31, 2007 and the changes during the periods then ended is presented below:

|  | Number of<br>warrants | Weighted average<br>Exercise price |
|--|-----------------------|------------------------------------|
| Outstanding and exercisable at July 31, 2006         | 2,897,332             | \$ 0.60                            |
| Warrants expired                                     | (752,000)             | \$ 0.60                            |
| Warrants exercised                                   | (2,535,332)           | \$ 0.63                            |
| Warrants issued                                      | 39,708,697            | \$ 0.80                            |
| Outstanding and exercisable at July 31, 2007         | 39,318,697            | \$ 0.80                            |
| Warrants expired                                     | (2,079,840)           | \$ 0.80                            |
| <b>Outstanding and exercisable at April 30, 2008</b> | <b>37,238,857</b>     | <b>\$ 0.80</b>                     |

#### 13. Financial Instruments

All significant financial assets, financial liabilities and equity instruments of the Company are either recognized or disclosed in the 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 January 31, 2008 the company had the following financial assets and liabilities denominated in US dollars and denominated in Mexican Pesos:

|                                     | In '000 of<br>US Dollars | In '000 of<br>Mexican Pesos (MP) |
|-------------------------------------|--------------------------|----------------------------------|
| Cash and equivalents                | \$ 1,752                 | MP 7,861                         |
| Other working capital amounts - net | \$ (17)                  | MP 8,837                         |
| Long-term Liabilities               | \$ 8,680                 | MP 98,293                        |

At April 30, 2008 US dollar amounts were converted at a rate of \$1.0072 Canadian dollars to 1 US dollar and Mexican Pesos were converted at a rate of 10.4873 MP to 1 US Dollar.

The Loan agreement entered into on the Acquisition required that the Company enter into a forward sales agreement for the sale of 81,876 ounces of gold at a price of US\$731 per ounce until January, 2013. These gold sales contracts are excluded from the definition of derivatives because the obligation will be met by the physical delivery of gold and the Company's practices, productive capacity and delivery intentions are consistent with the definition of normal sales contracts in accordance with the Company's Revenue Recognition Policy. The Mark-to-market value of the remaining gold sales contracts as at April 30, 2008 for the sale of 65,132 ounces to January 31, 2013, was negative \$12,292.

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**Starcore International Mines Ltd.****Notes to the Interim Consolidated Financial Statements  
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**14. Segmented Information**

During the period ended April 30, 2008, 100% of the Company's reportable sales were to one third party. The Company operates in three reportable geographical and three operating segments. Selected financial information by geographical segment is as follows:

|   | <b>Mexico</b> | <b>United States</b> | <b>Canada</b> | <b>April 30, 2008<br/>Total</b> |
|---|---------------|----------------------|---------------|---------------------------------|
| Revenue   | \$ 20,067     | \$ -                 | \$ -          | \$ 20,067                       |
| Amortization and depletion                        | 1,623         | -                    | 29            | 1,652                           |
| Interest on long-term debt                        | 624           | -                    | -             | 624                             |
| Earnings (loss) for the period                    | 1,254         | -                    | (2,426)       | (1,172)                         |
| Mining interest, plant and equipment              | 37,200        | -                    | 118           | 37,318                          |
| Mineral properties and deferred exploration costs | 806           | -                    | -             | 806                             |
| Segment assets                                    | 44,441        | -                    | 2,611         | 47,052                          |

|                                | <b>Mexico</b> | <b>United States</b> | <b>Canada</b> | <b>April 30,<br/>2007<br/>Total</b> |
|--------------------------------|---------------|----------------------|---------------|-------------------------------------|
| Revenue                        | \$ 9,267      | \$ -                 | \$ -          | \$ 9,267                            |
| Amortization and depletion     | 744           | -                    | 15            | 759                                 |
| Interest on long term debt     | 313           | -                    | -             | 313                                 |
| Earnings (loss) for the period | 700           | (239)                | (3,195)       | (2,495)                             |

|   | <b>Mexico</b> | <b>United States</b> | <b>Canada</b> | <b>July 31, 2007<br/>Total</b> |
|---|---------------|----------------------|---------------|--------------------------------|
| Mining interest, plant and equipment              | 36,043        | -                    | 137           | 36,180                         |
| Mineral properties and deferred exploration costs | 754           | -                    | -             | 754                            |
| Segment assets                                    | 46,085        | -                    | 4,024         | 50,109                         |

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**Starcore International Mines Ltd.****Notes to the Interim Consolidated Financial Statements  
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**14. Segmented Information – (cont'd)**

Selected financial information by operating segments is as follows:

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|  | <b>April 30, 2008</b>        |  |                  |              |
|--|------------------------------|--|------------------|--------------|
|  | <b>Mining<br/>Operations</b> | <b>Exploration &amp;<br/>Development</b> | <b>Corporate</b> | <b>Total</b> |
| Revenue  | \$ 20,067                    | \$ -                                     | \$ -             | \$ 20,067    |
| Amortization and depletion                           | 1,623                        | -  | 29               | 1,652        |
| Interest and long term debt                          | 624                          | -  | -                | 624          |
| Earnings (loss) for the period                       | 1,254                        | -  | (2,426)          | (1,098)      |
| Mining interest, plant and<br>equipment              | 37,200                       | -  | 118              | 37,318       |
| Mineral properties and deferred<br>exploration costs | -                            | 806                                      | -                | 806          |
| Segment assets                                       | 43,635                       | 806                                      | 2,611            | 47,052       |

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|                                | <b>April 30, 2007</b>        |  |                  |              |
|--------------------------------|------------------------------|--|------------------|--------------|
|                                | <b>Mining<br/>Operations</b> | <b>Exploration &amp;<br/>Development</b> | <b>Corporate</b> | <b>Total</b> |
| Revenue                        | \$ 9,267                     | \$ -                                     | \$ -             | \$ 9,267     |
| Amortization and depletion     | 744                          | -  | 15               | 759          |
| Interest and long term debt    | 313                          | -  | -                | 313          |
| Earnings (loss) for the period | 700                          | (239)                                    | (3,195)          | (2,495)      |

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|  | <b>July 31, 2007</b>         |  |                  |              |
|--|------------------------------|--|------------------|--------------|
|  | <b>Mining<br/>Operations</b> | <b>Exploration &amp;<br/>Development</b> | <b>Corporate</b> | <b>Total</b> |
| Mining interest, plant and<br>equipment              | \$ 36,052                    | \$ -                                     | \$ 128           | \$ 36,180    |
| Mineral properties and<br>deferred exploration costs | -                            | 754                                      | -                | 754          |
| Segment assets                                       | 45,331                       | 754                                      | 4,024            | 50,109       |

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During the period ended April 30, 2008, 100% (2007 - \$Nil) of revenue of the Company was earned from one customer. The balance owing from this customer on April 30, 2008 was \$337 (July 31, 2007 - \$695)