Starcore International Ventures Ltd.

Interim Consolidated Financial Statements

April 30, 2007

(Unaudited)

Starcore International Ventures Ltd.

Interim Consolidated Balance Sheet (unaudited)
(in thousands of Canadian dollars)

	April 30, 2007	July 31, 2006
Assets		
Current		
Cash and cash equivalents (note 5)	$ 7,380	$ 629
Amounts receivable (note 7)	2,489	26
Inventory (note 8)	1,487	-
Marketable securities (note 6)	20	5
Prepaid expenses and advances	707	25
	12,083	685
Restricted cash	-	6,892
Mining interest, plant and equipment (notes 4 and 9)	37,725	52
Mineral properties and deferred exploration costs (note 10)	747	939
Deferred acquisition costs	-	90
Deferred share issue costs	-	11
Other assets	59	31
	$ 50,614	$ 8,700
Liabilities		
Current		
Accounts payable and accrued liabilities	$ 2,714	$ 80
Current portion of loan payable (note 11 and 16)	4,293	-
	7,007	80
Loan payable (note 11)	10,523	-
Reclamation and closure cost obligations (note 12)	1,552	-
Other long-term liabilities (note 13)	1,794	-
Future Income taxes	6,193	-
Deferred lease inducement	9	14
	27,078	94
Shareholders' Equity		
Share capital (notes 4 and 14)	37,711	14,960
Shares subscribed not issued	-	6,892
Contributed surplus (note 14)	1,751	465
Warrants (notes 4, 11 and 14)	6,085	-
Accumulated other comprehensive loss	(1,428)	-
Deficit	(20,583)	(13,711)
	23,536	8,606
	$ 50,614	$ 8,700

Commitments (notes 4, 10, 11, 12, 13, 14, and 16)

Approved by the Directors:

"Robert Eadie" Director ***"Gary Arca"*** Director

Starcore International Ventures Ltd.

Interim Consolidated Statements of Operations (unaudited)
(in thousands of Canadian dollars except per share amounts)

	For the three months ended April 30,		For the nine months ended April 30,	
	2007	2006	**2007**	2006
Revenues				
Mined ore (notes 15 and 16)	**$ 6,393**	$ -	**6,393**	$ -
Purchased ore	**2,874**	-	**2,874**	-
	9,267	-	**9,267**	-
Cost of Sales				
Mined Ore	**2,654**	-	**2,654**	-
Purchased ore	**2,801**	-	**2,801**	-
Reclamation	**19**	-	**19**	-
Amortization and depletion	**739**	-	**739**	-
	6,213	-	**6,213**	-
Earnings from mining operations	**3,054**	-	**3,054**	-
Administrative Expenses				
Amortization	**9**	5	**15**	11
Stock-based compensation (note 14)	**1,285**	85	**1,520**	246
Interest on long-term debt	**313**	-	**313**	-
Financing fees (notes 4, 11 and 14)	**6,613**	-	**6,613**	-
Professional and consulting fees	**161**	15	**197**	89
Management fees and salary	**103**	8	**134**	25
Office, travel and miscellaneous	**440**	24	**537**	92
Shareholder relations	**366**	64	**605**	100
Transfer agent and regulatory fees	**14**	8	**90**	17
	9,304	209	**10,024**	580
Loss before other income (expense)	**(6,250)**	(209)	**(6,970)**	(580)
Other income (expense)				
Foreign exchange	**864**	-	**753**	-
Investment and interest income	**91**	19	**274**	20
Write-off of Mineral property (note 10)	**-**	-	**(239)**	-
Loss before income taxes	**(5,295)**	(190)	**(6,182)**	(560)
Asset tax	**(33)**	-	**(33)**	-
Future income tax	**(657)**	-	**(657)**	-
Net loss for the period	**(5,985)**	(190)	**(6,872)**	(560)
Other Comprehensive loss:				
Foreign currency translation adjustment	**(1,443)**	-	**(1,443)**	-
Unrealized gain arising during the period	**15**	-	**15**	-
Total other comprehensive loss	**(1,428)**	-	**(1,428)**	-
Comprehensive loss for the period	**$ (7,413)**	$ (190)	**$ (8,300)**	$ (560)
Basic and diluted loss per share	**$ (0.10)**	$ (0.02)	**$ (0.24)**	**$** (0.05)
Weighted average number of shares outstanding	**60,281,940**	12,098,881	**28,590,752**	12,082,186

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

	For the three months ended April 30, 2007	For the three months ended April 30, 2006	For the nine months ended April 30, 2007	For the nine months ended April 30, 2006
Cash provided by (used in)				
Operating activities				
Loss for the period	**$ (5,985)**	$ (190)	**$ (6,872)**	$ (560)
Items not involving cash				
Amortization and depletion	**748**	5	**754**	11
Stock-based compensation	**1,285**	85	**1,520**	246
Deferred lease inducement recognized	**(1)**	-	**(5)**	(1)
Financing fees	**5,436**	-	**5,436**	-
Write-off of mineral property	**-**	-	**239**	-
Reclamation and closure	**12**	-	**12**	-
Future income tax	**657**	-	**657**	-
	2,152	(100)	**1,741**	(304)
Change in non-cash working capital items				
Prepaid expenses	**(176)**	(51)	**(178)**	(47)
Amounts receivable	**(1,205)**	5	**(1,230)**	13
Inventory	**(302)**	-	**(302)**	-
Accounts payable	**510**	9	**683**	-
	979	(137)	**714**	(338)
Financing activities				
Issue of share capital	**19,323**	198	**20,812**	198
Subscriptions received (net of refunds)	-	-	**12,808**	-
Restricted cash	-	-	**(12,808)**	-
Loan payable	**14,816**	-	**14,816**	-
	34,139	198	**35,628**	198
Investing activities				
Business acquisition	**(28,470)**	-	**(28,627)**	-
Cash acquired on business acquisition	**56**	-	**56**	-
Mining interest, plant and equipment	**(1,048)**	(3)	**(1,050)**	(8)
Mineral properties and deferred exploration costs	**-**	(49)	**(47)**	(89)
Deferred acquisition costs	-	(12)	-	(12)
	(29,462)	(64)	**(29,668)**	(109)
Effect of foreign currency translation on cash	**211**	-	**77**	-
Net increase (decrease) in cash and cash equivalents	**5,867**	(3)	**6,751**	(249)
Cash and cash equivalents, beginning of period	**1,513**	959	**629**	1,205
Cash and cash equivalents, end of period	**$ 7,380**	$ 956	**$ 7,380**	$ 956
Supplementary disclosure of cash flow information				
Cash paid for:				
Interest	**$ -**	$ -	**$ -**	$ -
Income taxes	**$ 33**	$ -	**$ 33**	$ -

Non-cash transactions- Notes 4, 10, 11 and 14

Starcore International Ventures Ltd.

Consolidated Statement of Shareholders' Equity for the period ended April 30, 2007 (unaudited)
(in thousands of Canadian dollars except per share amounts)

	Shares	Amount	Shares Subscribed Not Issued	Contributed Surplus	Warrants	Accumulated Other Comprehensive Income	Deficit	Total
Balance, July 31, 2004	5,814,225	$ 12,694	$ -	$ -	$ -	$ -	$ (12,142)	$ 552
Issued for cash								
Exercise of special warrants at $0.15	1,051,666	158	-	-	-	-	-	158
Exercise of warrants at $0.20	1,807,666	362	-	-	-	-	-	362
Exercise of warrants at $0.30	191,000	57	-	-	-	-	-	57
Private placement at $0.45	3,134,554	1,411	-	-	-	-	-	1,411
Agent's commission, fees and legal fees	-	(125)	-	-	-	-	-	(125)
Issued for resource property at $0.35	25,000	9	-	-	-	-	-	9
Issued for resource property at $0.50	50,000	25	-	-	-	-	-	25
Stock based compensation	-	-	-	184	-	-	-	184
Net loss for the year	-	-	-	-	-	-	(679)	(679)
Balance July 31, 2005	12,074,111	14,591	-	184	-	-	(12,821)	1,954
Issued for cash								
Exercise of warrants at $0.60	507,222	304	-	-	-	-	-	304
Exercise of options at $0.40	136,666	65	-	(10)	-	-	-	55
Stock based compensation	-	-	-	291	-	-	-	291
Share subscriptions received (net)	-	-	6,892	-	-	-	-	6,892
Net loss for the year	-	-	-	-	-	-	(890)	(890)
Balance July 31, 2006	12,717,999	14,960	6,892	465	-	-	(13,711)	8,606

Starcore International Ventures Ltd.

Consolidated Statement of Shareholders' Equity for the period ended April 30, 2007 (unaudited) (cont'd)
(in thousands of Canadian dollars except per share amounts)

	Shares	Amount	Shares Subscribed Not Issued	Contributed Surplus	Warrants	Accumulated Other Comprehensive Income	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	18,700	(6,892)	-	-	-	-	11,808
Private placement at $0.56	1,785,714	1,000	-	-	-	-	-	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	312	-	-	-	-	-	312
Agents' commissions, fees and legal fees	447,144	(1,551)	-	-	649	-	-	(902)
Issued for acquisition of Bernal at $0.50	4,729,600	2,365	-	-	-	-	-	2,365
Stock based compensation	-	-	-	1,520	-	-	-	1,520
Warrants issued pursuant to long-term loan	-	-	-	-	5,436	-	-	5,436
Other comprehensive loss for the period	-	-	-	-	-	(1,428)	-	(1,428)
Net loss for the period	-	-	-	-	-	-	(6,872)	(6,872)
Balance April 30, 2007	**60,590,789**	**$ 37,711**	**$ -**	**$ 1,751**	**$ 6,085**	**$ (1,428)**	**$ (20,583)**	**$ 23,536**

1. Nature of Operations

Starcore International Ventures Ltd. (the “Company” or “Starcore”) is engaged in exploring, extracting and processing gold and silver through the February 1, 2007 acquisition of Compañia Minera Peña de Bernal, S.A. de C.V. (“Bernal”), which owns the San Martin mine in Queretaro, Mexico, from Luismin S.A. de C.V. (“Luismin”), a wholly owned subsidiary of Goldcorp, Inc. (the “Acquisition”) (*see Note 4*). The Company became a gold and silver producer as a result of the acquisition and has graduated to Tier 1 of the TSX Venture Exchange as a public reporting issuer. 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.

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, and all such adjustments are of a normal recurring nature. It is suggested that these unaudited interim consolidated financial statements be read in conjunction with the company’s audited consolidated financial statements for the year ended July 31, 2006.

Operating results for the nine months ended April 30, 2007 are not necessarily indicative of the results that can be expected for the year ending July 31, 2007 (*See Note 4 – Acquisition of Bernal*).

3. Summary of Significant Accounting Policies

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in Canada. These unaudited interim consolidated financial statements follow the same accounting policies and methods as the Company’s most recent annual audited consolidated financial statements, except that, effective August 1, 2006 the Company adopted the provisions of *Canadian Institute of Chartered Accountants* (“*CICA”) Handbook Section 1530 comprehensive income, Section 3831 non-monetary transactions, Section 3855 financial instruments –recognition and measurement, and Section 3865 hedges,* and effective February 1, 2007, pursuant to the acquisition of Bernal, *(Note 4)*, the Company has adopted many accounting policies which were not formerly applicable or material to report. As a result, these unaudited interim consolidated financial statements are presented with all of the significant accounting policies of the Company, including those initially adopted in the current period.

The financial statements, have in management’s opinion, been properly prepared within the framework of the significant accounting policies summarized below:

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

Use of Estimates

Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of these financial statements requires management to make estimates and assumptions. The most significant ones include, but are not limited to: the recoverability of amounts receivable; mining asset economic life and expected life of mine, including estimated recoverable tonnes of ore from the mine; quantities of proven and probable gold reserves; the value of mineralized material beyond proven and probable reserves; future costs and expenses to produce proven and probable reserves; future commodity prices and foreign currency exchange rates; the estimated realizeable value of inventories; the future cost of asset retirement obligations; the anticipated costs of reclamation and closure cost obligations; the amounts of contingencies; and assumptions used in the accounting for employee stock options such as volatility, expected term and risk free interest rate. Using these estimates and assumptions, management makes various decisions in preparing the financial statements including:

- The treatment of mine development costs as either an asset or an expense;
- Whether long-lived assets are impaired, and if so, estimates of the fair value of those assets and any corresponding impairment charge;
- The ability to realize deferred income tax assets;
- The useful lives of long-lived assets and the measurement of amortization;
- The fair value of asset retirement obligations;
- The likelihood of loss contingencies occurring and the amount of any potential loss;
- Whether investments are impaired; and
- The amount of stock option expense.

As the estimation process is inherently uncertain, actual future outcomes could differ from present estimates and assumptions, potentially having material future effects on the financial statements.

Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Starcore Mexicana, S.A. de C.V., a Mexican company ("Mexicana") and Bernal, a Mexican Company. All significant inter-company transactions have been eliminated.

Revenue recognition

Revenue from the sale of metals is recognized in the accounts when persuasive evidence of an arrangement exists, title and risk passes to the buyer, collection is reasonably assured and the price is reasonably determinable. Revenue is recorded from gold and silver dore sales at the time of physical delivery, which is also the date that title to the gold or silver passes. The sales price is determined on the delivery date based on either the terms of gold sales contracts or the gold and silver spot prices.

Cash and cash equivalents

For purposes of reporting cash flows, the Company considers cash and cash equivalents to include amounts held in banks and highly liquid investments with remaining maturities at point of purchase of 3 months or less. The Company places its cash and cash equivalents with institutions of high credit worthiness.

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

Marketable securities

Marketable securities are valued at the lower of cost and market value.

Inventories and cost of sales

Work-in-process inventories and finished goods are valued at the lower of average production cost or net realizable value. Production costs include the cost of raw materials, direct labour, mine site overhead expenses and depreciation and depletion of mining interests. Supplies are valued at the lower of average cost or replacement cost.

Foreign currency translation

The Company has a self-sustaining Mexican subsidiary, Bernal, whose functional currency is United States dollars ("US dollars"). All amounts are translated to US dollars using the temporal method of translation stated below. Amounts are restated to the reporting currency, Canadian dollars, under the current rate method in accordance with *CICA Handbook Section 1651 "Foreign Currency Translation"*. At each balance sheet date, recorded balances that are denominated in a currency other than Canadian dollars are adjusted to reflect the current exchange rate which may give rise to a translation adjustment which is reported as a component of other comprehensive income in the equity section of the balance sheet.

The Company uses the temporal method of translation to translate foreign currency denominated items to the functional currency. Monetary assets and liabilities are translated at year-end exchange rates; other assets and liabilities have been translated at the rates prevailing at the date of transaction. Revenue and expense items, except for amortization, are translated at the average rate of exchange for the year. Amortization is converted using rates prevailing at dates of acquisition. Gains and losses from foreign currency translation are included in the statements of operations.

Mining interest, plant and equipment

Mining interest represent capitalized expenditures related to the development of mining properties and related plant and equipment. Depletion of mine properties is charged on a unit-of-production basis over proven and probable reserves and a portion of resources expected to be converted to reserves. Depreciation of plant and equipment is calculated using the straight-line method, based on the lesser of economic life or expected life of mine. At the end of the each calendar year estimates of proven and probable gold reserves and a portion of resources expected to be converted to reserves are updated and the calculations of amortization of mining interest, plant and equipment is prospectively revised.

Costs related to property acquisitions are capitalized. When it is determined that a property is not economically viable, the capitalized costs are written off.

Mining expenditures incurred either to develop new ore bodies or to develop mine areas in advance of current production are capitalized. Commercial production is deemed to have commenced when management determines that the completion of operational commissioning of major mine and plant components is completed, operating results are being achieved consistently for a period of time and that there are indicators that these operating results will be continued. Mine development costs incurred to maintain current production are included in operations.

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

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

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

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

Mineral properties and deferred exploration costs

Mineral properties consist of exploration and mining concessions, options and contracts. The Company defers the cost of acquiring, maintaining its interest, exploring and developing mineral properties until such time as the properties are placed into production, abandoned, sold or considered to be impaired in value. Costs of producing properties will be amortized on a unit of production basis and costs of abandoned properties are written-off. Proceeds received on the sale of interests in mineral properties are credited to the carrying value of the mineral properties, with any excess included in operations. Write-downs due to impairment in value are charged to operations.

The Company is in the process of exploring and developing its mineral properties and has not yet determined the amount of reserves available. Management reviews the carrying value of mineral properties on an annual basis and will recognize impairment in value based upon current exploration results, the prospect of further work being carried out by the Company, the assessment of future probability of profitable revenues from the property or from the sale of the property. Amounts shown for properties represent costs incurred net of write-downs and recoveries, and are not intended to represent present or future values. The amounts recorded are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that changes in future conditions in the near term could require a material change in the recorded amounts.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry norms for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations and which do not contribute to current or future revenue generation are expensed. Liabilities are recorded when environmental assessments and/or remedial efforts are probable, and the costs can be reasonably estimated.

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

Reclamation and closure cost obligations

The Company's mining and exploration activities are subject to various governmental laws and regulations relating to the protection of the environment. These environmental regulations are continually changing and are generally becoming more restrictive. The Company has made, and intends to make in the future, expenditures to comply with such laws and regulations. The Company has recorded a liability for the estimated reclamation and closure, including site rehabilitation and long-term treatment and monitoring costs, discounted to net present value. Such estimates are, however, subject to change based on negotiations with regulatory authorities, or changes in laws and regulations.

Asset retirement obligations

The Company has adopted the *CICA Handbook Section 3110 "asset retirement obligations"* which establishes standards for the recognition, measurement and disclosure of liabilities for asset retirement obligations and the associated asset retirement costs. The standards apply to legal obligations associated with the retirement of long-lived tangible assets that arise from the acquisition, construction, development or normal operation of such assets. The standards require that a liability for an asset retirement obligation be recognized in the period in which it is incurred and when a reasonable estimate of the fair value of the liability can be made. Furthermore, a corresponding asset retirement cost should be recognized by increasing the carrying amount of the related long-lived asset. The asset retirement cost is subsequently allocated in a rational and systematic method over the underlying asset's useful life. The initial fair value of the liability is accreted, by charges to operations, to its estimated future value.

Basic and diluted loss per share

Basic loss per share is calculated using the weighted-average number of shares outstanding during the year.

The Company uses the treasury stock method of calculating fully diluted per share amounts whereby any proceeds from the exercise of stock options or other dilutive instruments are assumed to be used to purchase common shares at the average market price during the period. The assumed conversion of outstanding common share options and warrants has an anti-dilutive impact for the periods ended April 30, 2007 and 2006.

Income taxes

Income taxes are accounted for using the future income tax method. Under this method income taxes are recognized for the estimated income taxes payable for the current year and future income taxes are recognized for temporary differences between the tax and accounting bases of assets and liabilities and for the benefit of losses available to be carried forward for tax purposes that are likely to be realized. Future income tax assets and liabilities are measured using tax rates expected to apply in the years in which the temporary differences are expected to be recovered or settled.

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

Stock-based compensation

As at August 1, 2003, the Company adopted, on a prospective basis, the recommendations of *CICA Handbook section 3870, "Stock-Based Compensation and Other Stock-Based Payments."* This section establishes standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments made in exchange for goods and services. Stock-based compensation is accounted for at fair value as determined by the Black-Scholes option pricing model using amounts that are believed to approximate the volatility of the trading price of the Company's shares, the expected lives of awards of stock-based compensation, the fair value of the Company's stock and the risk-free interest rate, as determined at the grant date. The estimated fair value of awards of stock-based compensation are charged to expense over their vesting period, with offsetting amounts recognized as contributed surplus. Upon exercise of share purchase options, the consideration paid by the option holder, together with the amount previously recognized in contributed surplus, is recorded as an increase to share capital.

The Company uses the Black-Scholes option valuation model to calculate the fair value of share purchase options at the date of grant. Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate and, therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company's share purchase options.

Financial Instruments

Effective August 1, 2006, the Company adopted the following new accounting standards issued by the CICA relating to financial instruments. These new standards have been adopted on a prospective basis with no restatement to prior period financial statements.

a) Recognition and Measurement (*CICA Handbook Section 3855*)

This standard requires all financial instruments within its scope, including derivatives, to be included on a Company's balance sheet and measured either at fair value or, in certain circumstances when fair value may not be considered most relevant, at cost or amortized cost. Changes in fair value are to be recognized in the statements of operations and comprehensive income.

All financial assets and liabilities are recognized when the entity becomes a party to the contract creating the item. As such, any of the Company's outstanding financial assets and liabilities at the effective date of adoption are recognized and measured in accordance with the new requirements as if these requirements had always been in effect. Any changes to the fair values of assets and liabilities prior to August 1, 2006 are recognized by adjusting opening deficit or opening accumulated other comprehensive income.

All financial instruments are classified into one of the following five categories: held for trading, held-to-maturity, loans and receivables, available-for-sale financial assets, or other financial liabilities. Initial and subsequent measurement and recognition of changes in the value of financial instruments depends on their initial classification:

- Held-to-maturity investments, loans and receivables, and other financial liabilities are initially measured at fair value and subsequently measured at amortized cost. Amortization of premiums or discounts and losses due to impairment are included in current period net earnings.

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

Financial Instruments – (cont'd)

a) Recognition and Measurement (*CICA Handbook Section 3855*) – (cont'd)

- Available-for-sale financial assets are measured at fair value. Revaluation gains and losses are included in other comprehensive income until the asset is removed from the balance sheet.

- Held for trading financial instruments are measured at fair value. All gains and losses are included in net earnings in the period in which they arise.

- All derivative financial instruments are classified as held for trading financial instruments and are measured at fair value, even when they are part of a hedging relationship. All gains and losses are included in net earning in the period in which they arise.

In accordance with this new standard, the Company has classified its financial instruments as follows:

- Marketable securities and reclamation deposits are classified as available-for-sale securities. Such securities are measured at fair market value in the consolidated financial statements with unrealized gains or losses recorded in comprehensive income (loss). At the time securities are sold or otherwise disposed of, gains or losses are included in net earnings (loss).

- Loans payable are classified as held-to-maturity and are measured at amortized costs. Deferred financing costs relating to the issuance of loans are no longer presented as a separate asset on the balance sheet and are now included in net loss.

b) Hedging (*CICA Handbook Section 3865*)

This new standard specifies the circumstances under which hedge accounting is permissible and how hedge accounting may be performed. The Company currently does not have any hedges.

c) Comprehensive Income (*CICA Handbook Section 1530*)

Comprehensive income is the change in shareholders' equity during a period from transactions and other events from non-owner sources. This standard requires certain gains and losses that would otherwise be recorded as part of net earnings to be presented in other "comprehensive income" until it is considered appropriate to recognize into net earnings. This standard requires the presentation of comprehensive income, and its components in a financial statement that is displayed with the same prominence as the other financial statements.

Accordingly, the Company now reports a consolidated statement of comprehensive income (loss) with the Consolidated Statement of Operations and includes the account "accumulated other comprehensive income" in the shareholders' equity section of the consolidated balance sheet.

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

Share issue costs

Share issue costs, which include commissions, professional and regulatory fees are charged directly to share capital.

4. Acquisition of Bernal – Notes 11, 14, 15 and 16

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. Pursuant to the Acquisition the Company paid US$24 million 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 represents the purchase of a self sustaining mining operation in Mexico for the Company.

In order to finance the Acquisition, the Company issued 37,400,000 units at a price of $0.50 per unit for gross proceeds of $18,700 (the "Offering"), and arranged a US$13 million bank financing (the "Loan") which matures on January 31, 2013 and bears interest at LIBOR plus 3%.

Each Offering unit consists of one common share and one-half of one warrant which is exercisable into one additional common share for three years at an exercise price of $0.80 per share. The shares and warrants were issued concurrently with the closing of the Acquisition and the entire proceeds of the offering was allocated to the common shares, determined to be the fair value. Pursuant to the Offering, the Company incurred cash commissions of $833 and issued 447,144 common shares at a fair value of $523, which are included net against Share Capital. The Company also granted 879,840 agents warrants entitling the holder to acquire one share at $0.80 for one year with the same early expiry provisions as the warrants issued in the Offering. These warrants were determined to have a fair value of $649 using the Black-Scholes fair value pricing model and the non-cash amounts are included in the financial statements as Warrants and a charge to share issue costs in Shareholders' equity.

In connection with the Loan, 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). The exercise price of the detachable warrants were calculated at a 140% and 160% premium, respectively, to the 40 day weighted average value of the Company's trading share price at the Loan agreement date. The exercise of the warrants in whole or in part will result in a pro-rata drawdown of the amount of debt outstanding based on the US dollar conversion rate up to the full amount of the US $13 million loan balance.

(in thousands of Canadian dollars unless otherwise stated)

4. Acquisition of Bernal – Notes 11, 14, 15 and 16 – (cont'd)

On February 1, 2007, the Company acquired all of the issued and outstanding shares of Bernal. The acquisition represents a business combination and has been accounted for using the purchase method of accounting. Under this method, the consideration paid is valued at the fair value of the assets and liabilities acquired on February 1, 2007, as follows:

Assets		
Current assets	$	3,136
Other assets		30
Mining interest, plant and equipment		32,895
Total assets		**36,061**
Less: Liabilities - current		2,057
- long term		7,342
Total liabilities		**9,399**
Net assets		**26,662**
Consideration:		
Cash		28,248
Shares		2,365
Acquisition costs (note 15)		469
Total consideration		**31,082**
Net difference		4,420
Future income tax effect		1,719
Additional allocation to mining interest, plant and equipment	**$**	**6,139**

The balance of consideration in excess of net assets for book purposes has been allocated to Mining interest, plant and equipment on the basis that the future value of the mines proven and probable reserves as well as Value Beyond Proven and Probable reserves ("VBPP") exceeds the unallocated purchase consideration. VBPP includes a portion of resources expected to be converted to reserves. These costs are depleted over an expected mine life in accordance with the Company's amortization policy.

Pursuant to the Acquisition agreement, Luismin will operate the mine on behalf of the Company for up to one year. Also, the Company has agreed to grant Goldcorp 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 until October, 2029, at the prevailing spot market rate at the time of sale.

5. 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 $1,540 (July 31, 2006 - $518) earning interest income at approximately 3% per annum.

6. Marketable Securities

The Company holds 20,000 common shares in another public company with a historical cost of $5 and quoted market value of $19 (July 31, 2006 - $17).

(in thousands of Canadian dollars unless otherwise stated)

7. Amounts Receivable

	April 30, 2007	July 31, 2006
Value added tax and Goods and Services Tax	**$ 1,308**	$ 26
Other	**1,181**	-
	$ 2,489	$ 26

8. Inventory

	April 30, 2007	July 31, 2006
Dore	**$ 480**	$ -
Supplies	**1,007**	-
	$ 1,487	$ -

9. Mining Interests, Plant and Equipment

	Cost	**Accumulated amortization and depletion**	**April 30, 2007 Net book value**
Mining property	$ 30,867	$ 530	**$ 30,337**
Plant and equipment	7,433	188	**7,245**
Corporate office equipment and leaseholds	187	44	**143**
	$ 38,487	**$ 762**	**$ 37,725**

	Cost	Accumulated amortization	July 31, 2006 Net book value
Corporate office equipment and leaseholds	$ 81	$ 29	$ 52

10. Mineral Properties and Deferred Exploration Costs

a) Cerro de Dolores, Mexico

The Company entered into an option agreement effective December 15, 2003, with Wheaton River Minerals Ltd. and two of Wheaton's subsidiaries, Luismin and Compañia Minera Astumex, S.A. de C.V. (collectively, "Goldcorp") 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 four year period as follows:

- 100,000 common shares upon TSX Venture Exchange (the "Exchange") acceptance of the Agreement on June 23, 2004 (issued at $0.50);
- an additional 50,000 common shares (issued at $0.50) and US $300 in exploration expenditures on or before June 23, 2005 (incurred);
- an additional 50,000 common shares and US $300 in exploration expenditures on or before June 23, 2006;
- an additional 50,000 common shares and US $300 in exploration expenditures on or before June 23, 2007; and
- the final US $500 in exploration expenditures on or before June 23, 2008.

The Company is in default of the requirements under the agreement for the period ended June 23, 2006, and is currently renegotiating with Goldcorp.

Upon issuing the shares and completing the expenditures set out above, the Company will have earned a 51% interest in the Cerro de Dolores property. The Company can earn an additional 29% interest in the property by placing the property into commercial production. If the Company earns its initial 51% interest but does not place the property into commercial production, Goldcorp will have the option to re-acquire an 11% interest in the property from the Company for a cash purchase price of US $300 or 11/80 of the exploration expenditures incurred by the Company.

The Company paid a finders fee of 100,000 common shares in connection with the Agreement.

On November 25, 2004, the Company announced the acquisition, through staking, of additional exploration ground contiguous to its 697 hectare Cerro de Dolores property in the Guerro/Puebla States in Mexico. The newly acquired land (2,344 hectares) extends north-easterly from the boundary of the existing land position and covers the known extension (about 15 km) of the structural corridor hosting silver-lead-zinc mineralization in the target area. The zones have not been subjected to modern exploration techniques and represent targets for resource expansion for the Company.

(in thousands of Canadian dollars unless otherwise stated)

10. Mineral Properties and Deferred Exploration Costs – (cont'd)

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. In order to exercise the option, the Company was to pay US $120 (US$10 paid), issue 250,000 shares (25,000 issued) and incur US $500 exploration expenditures.

During the period ended April 30, 2007, the Company has decided to abandon this option and recognize a loss of $239 on the write-off of the mineral property and related deferred exploration costs.

c) Summary of Mineral Properties and Deferred Exploration Costs

	Nine months ended April 30, 2007	Year ended July 31, 2006
Cerro de Dolores		
Balance, beginning of period	**$ 719**	$ 666
Assays and sampling	**1**	6
Consulting	**-**	7
Field work & supplies	**-**	1
General & administration	**17**	33
Site visits	**-**	6
Travel and transportation	**10**	-
Current period expenditures	**28**	53
Balance, end of period	**747**	719
Black Silver		
Balance, beginning of period	**220**	44
Acquisition of land	**-**	5
Assays and sampling	**3**	14
Consulting	**1**	38
Drilling	**-**	115
License fees	**5**	-
Site visits	**-**	4
Travel and transportation	**10**	-
Current period expenditures	**19**	176
Write-off of mineral property	**(239)**	-
Balance, end of period	**-**	220
Total Mineral Properties Deferred Acquisition Exploration Expenses	**$ 747**	$ 939

11. Loan Payable – Notes 4 and 16

Pursuant to the Acquisition of Bernal, the Company arranged a US$13million 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 Mexicana, and by a guarantee from the Company. The Company has the right to repay the Loan at any time without penalty. The Loan consists of two Tranche's as follows:

a) Tranche A for US$8million is repayable as to interest and principal each three months beginning July 31, 2007 for interest and October 31, 2007 for principal, with the balance due by July 31, 2010. In connection with the Tranche A Loan, the Company issued 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. This amount represents 140% of the Company's weighted average share price trading value for 20 days prior and 20 days subsequent to the date of signing the agreement with Investec. 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.

b) Tranche B for US$5million is repayable as to interest and principal each three months beginning July 31, 2007 for interest and July 31, 2010 for principal, with the balance due by January 31, 2013. In connection with the Tranche B Loan, the Company issued 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. This amount represents 160% of the Company's weighted average share price trading value for 20 days prior and 20 days subsequent to the date of signing the agreement with Investec. 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.

If the common shares of the Company trade at or above US$2.00 for a period of 3 consecutive trading days, the Company has the right to require Investec to exercise up to 50% of the Tranche A and B warrants, provided that the number of Loan warrants which may be exercised during any three month period shall not exceed 10% of the amount owing under the Loan.

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.

The Loan warrants were determined to have a fair value of $5,436 using the Black-Scholes fair value pricing model, which represents a non-cash charge to the statement of operations during the period and which are included as Warrants in shareholder's equity. In addition, the Company incurred cash transaction costs of the Loan financing of $1,177, which were charged to the statement of operations.

(in thousands of Canadian dollars unless otherwise stated)

11. Loan Payable – Notes 4 and 16 – (cont'd)

A summary of the Loans is as follows:

	April 30, 2007	July 31, 2006
Tranche A Loan	$ 8,935	$ -
Tranche B Loan	5,585	-
	14,520	-
Add: Accrued interest	296	-
	14,816	-
Less: Current portion	4,293	-
Balance	$ 10,523	$ -

Principal due for the fiscal year ended:	$
July 31, 2007	-
July 31, 2008	4,501
July 31, 2009	2,541
July 31, 2010	2,178
July 31, 2011	1,379
July 31, 2012 and later	3,921
	$ 14,520

12. 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 $1,552 reflecting payments assumed at the end of the mine life which the Company estimates is in 6 years. Such liability was determined using a credit-adjusted risk free rate of 5%. Significant reclamation and closure activities include land rehabilitation, demolition of buildings and mine facilities and other costs.

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

	April 30, 2007
Balance February 1	$ 1,540
Accretion expense	-
Revisions in assumptions, estimates and liabilities incurred	12
	$ 1,552

13. 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.

14. Share Capital

a) <u>Authorized</u>

Unlimited common shares with no par value

b) <u>Shares issued</u>

During the nine months ended April 30, 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 for three years 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.

(ii) 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 for one year with the same early expiry provisions as the warrants issued in the Offering.

(iii) Pursuant to the Acquisition the Company also issued 4,729,600 common shares to Luismin at a fair value of $2,365.

(iv) 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 for three years 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.

(in thousands of Canadian dollars unless otherwise stated)

14. Share Capital – (cont'd)

b) Shares issued - (cont'd)

(v) 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, 2007 and July 31, 2006 and the changes during the periods then ended is presented below:

	Number of options	Weighted average exercise price
Outstanding at July 31, 2005	1,850,000	$0.40
Options exercised	(136,666)	$0.40
Options granted	914,000	$0.45
Options cancelled/ expired	(333,334)	$0.40
Outstanding at July 31, 2006	2,294,000	$0.42
Option exercised	(975,000)	$0.41
Options granted	6,005,822	$1.02
Options cancelled/expired	(355,000)	$0.48
Outstanding at April 30, 2007	**6,969,822**	**$0.93**
Exercisable at April 30, 2007	**809,334**	**$0.40**

At April 30, 2007, there were 6,969,822 stock options outstanding entitling the holders thereof the right to purchase one common share for each option held as follows:

Number of Shares	Number exercisable	Exercise Price	Expiry Date
500,000	500,000	$0.40	March 23, 2010
424,000	282,667	$0.40	January 26, 2011
40,000	26,667	$0.40	March 2, 2011
525,822	-	$0.60	December 20, 2011
5,430,000	-	$1.06	January 22, 2012
50,000	-	$1.06	February 2, 2012
6,969,822	**809,334**		

(in thousands of Canadian dollars unless otherwise stated)

14. Share Capital – (cont'd)

d) <u>Stock Based Compensation</u>

The Company, in accordance with the policies of the Exchange, is authorized to grant options to directors, officers, and employees to acquire up to 6,969,822 shares 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 the 6,005,822 options granted on December 20, 2006, January 22, 2007, and February 2, 2007, was estimated to be $4,192 using the Black-Scholes option-pricing model with the following weighted average assumptions at date of grant:

Dividend rate	0.00	%	Expected annual volatility	79-84	%
Risk-free interest rate	3.91-4.04	%	Strike price	$1.06	
Expected life	5	Years	Spot price	$1.06	

The fair value of the 914,000 options granted on January 26, 2006, March 2, 2006, and May 17, 2006 was estimated to be $192 using the Black-Scholes option-pricing model with the following weighted average assumptions at date of grant:

Dividend rate	0.00	%	Expected annual volatility	86	%
Risk-free interest rate	4.09	%	Strike price	$0.45	
Expected life	5	years	Spot price	$0.28 – 0.35	

The fair value of the 1,850,000 options granted on March 23, 2005 was estimated to be $426 using the Black-Scholes option-pricing model with the following assumptions at date of grant:

Dividend rate	0.00	%	Expected annual volatility	79	%
Risk-free interest rate	3.88	%	Strike price	$0.40	
Expected life	5	years	Spot price	$0.37	

Based on the above, the fair value of the stock options vested during the period ended April 30, 2007 was $1,520, which has been recorded in the statement of operations and credited to contributed surplus. During the period ended April 30, 2007, $234 was transferred from contributed surplus to share capital pursuant to the exercise of 975,000 options exercised at prices of $0.40 and $0.68 per share. These amounts have been excluded from the statement of cash flows.

e) <u>Warrants Outstanding</u> – Notes 4 and 11

Pursuant to the Loan financing with the Loan, 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, 2012.

(in thousands of Canadian dollars unless otherwise stated)

14. Share Capital – (cont'd)

e) Warrants Outstanding – Notes 4 and 11 – (cont'd)

The fair value of the 19,236,000 warrants issued pursuant to the Loan was estimated to be $5,436 using the Black-Scholes fair value pricing model with the following assumptions at the date of the agreement:

Dividend rate	0.00	%	Expected annual volatility	76	%
Risk-free interest rate	4.11	%	Strike price	$0.76 - $0.87	
Expected life	4 – 5	years	Spot price	$0.54	

Based on the above, the fair value of the 19,236,000 warrants has been recorded in the statement of operations and credited to warrants on 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 three years 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 fair value of the 879,840 agents' warrants issued pursuant to the offering was estimated to be $649 using the Black-Scholes fair value pricing model with the following assumptions at date of issue:

Dividend rate	0.00	%	Expected annual volatility	80	%
Risk-free interest rate	4.11	%	Strike price	$0.80	
Expected life	3	years	Spot price	$1.17	

Based on the above, the fair value of the 879,840 agents' warrants have been recorded in share capital and credited to warrants on the balance sheet.

A summary of the Company's outstanding share purchase warrants at April 30, 2007 and July 31, 2006 and the changes during the periods then ended is presented below:

	Number of warrants	Weighted average Exercise price
Outstanding and exercisable at July 31, 2005	4,504,554	$0.61
Warrants expired	(1,100,000)	$0.64
Warrants exercised	(507,222)	$0.60
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 April 30, 2007	**39,318,697**	**$0.80**

(in thousands of Canadian dollars unless otherwise stated)

15. Financial Instruments – note 11

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 cost of sales, capital expenditures, interest earned on cash and the fair value of fixed rate debts.

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 April 30, 2007 the company had the following financial assets and liabilities:

	In '000 of US Dollars		In '000 of Mexican Pesos (MP)
Cash and equivalents	$	2,925	MP 3,393
Other working capital amounts - net	$	188	MP 3,271
Long-term Liabilities	$	14,816	MP 32,747

At April 30, 2007 US dollar amounts were converted at a rate of 1.1169 Canadian dollars to 1 US dollar and Mexican Pesos were converted at a rate of 10.9305 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 in Note 2. The Mark-to-market value of the gold sales contracts at April 30, 2007 was negative $3,300.

16. Commitments

a) A term of the Loan financing *(see note 11)* requires that the Company fund a Debt Service Reserve Account ("DSRA") at July 31, 2007, which will maintain a balance equal to six months loan principal and interest at all times. The required funding commitment at July 31, 2007, is approximately US$3,640 and reduces in subsequent quarters as principal payments decrease in accordance with the Loan repayment schedule. The principal and interest due over the next year ended April 30, 2008 of $4,293 is shown as a current liability on the Company's balance sheet and is in addition to the funding of the DSRA.

b) As at July 31, 2006, the Company has shared lease commitments for office space expiring in February 2010. Minimum lease payments including estimated taxes and excluding operating costs for each of the next five years are as follows:

July 31, 2007	$	16
2008		16
2009		16
2010		9
	$	57

(in thousands of Canadian dollars unless otherwise stated)

c) The Company rents premises and leases equipment under operating leases that expire over the next three years. Operating lease expense in 2006 was $451 (2005 - $529). Following is a schedule of future minimum rental and lease payments required:

July 31, 2007	$	240
2008		281
	$	521

d) In October 2004, Luismin and its subsidiaries (including the Company) entered into a contract with Wheaton River Minerals Ltd (now Goldcorp Inc.) to sell all of the silver produced at Luismin's existing operations to Wheaton Trading Caymans Ltd. (renamed to Goldcorp Trading Caymans Ltd.) at the spot market price on the date of the transaction. The contract has a term of 25 years, expiring in 2029.

e) The Company entered into an agreement with a company to conduct institutionally-oriented investor relations programs on behalf of the Company. In consideration, the Company has agreed to pay a monthly retainer of US$7,000 for a period on one-year, with a right of termination after the first five months, and to grant incentive stock options in an aggregate amount of 600,000 shares at an exercise price of $1.06 per share.

f) The Company has management contract commitments for $70 to July 31, 2007 and $163 to July 31, 2008.

17. Segmented Information

During the Period ended April 30, 2007, the Company was operating in two reportable operating segments, being the San Martin mine through Bernal and the exploration of the Cerro de Dolores property through Starcore International Ventures Ltd.:

	Mexico	United States	Canada	April 30, 2007 Total
Revenue	$ 9,267	$ -	$ -	$ 9,267
Amortization and depletion	739	-	15	754
Interest on long-term debt	313	-	-	313
Earnings (loss) for the period	1,902	-	(8,774)	(6,872)
Mining interest, plant and equipment	37,582	-	143	37,725
Segment assets	46,279	-	4,335	50,614

	Mexico	United States	Canada	July 31, 2006 Total
Revenue	$ -	$ -	$ -	$ -
Amortization and depletion	-	-	12	12
Interest on long term debt	-	-	-	-
Earnings (loss) before income taxes	-	-	(890)	(890)
Mining interest, plant and equipment	-	-	52	52
Segment assets	719	220	7,761	8,700

(in thousands of Canadian dollars unless otherwise stated)

17. Segmented Information – (cont'd)

	Mining Operations	Exploration & Development	Corporate	April 30, 2007 Total
Revenue	$ 9,267	$ -	$ -	$ 9,267
Amortization and depletion	739	-	15	754
Interest and long term debt	313	-	-	313
Earnings (loss) for the period	1,902	-	(8,774)	(6,872)
Mining interest, plant and equipment	37,582	-	143	37,725
Mineral properties and deferred exploration	-	-	-	747
Segment assets	45,532	747	4,335	50,614

	Mining Operations	Exploration & Development	Corporate	July 31, 2006 Total
Revenue	$ -	$ -	$ -	$ -
Amortization and depletion	-	-	12	12
Interest and long term debt	-	-	-	-
Earning loss for the period	-	-	(890)	(890)
Mining interest, plant and equipment	-	-	52	52
Mineral properties and deferred exploration	-	967	-	967
Segment assets	-	967	7,761	8,700