



MANAGEMENT DISCUSSION & ANALYSIS
For the period ended January 31, 2019

Directors and Officers as at March 13, 2019:

Directors:

Gary Arca
Robert Eadie
Jordan Estra
Salvador Garcia
Tanya Lutzke
Cory Kent
Ken Sumanik
Federico Villaseñor

Officers:

Executive Chairman, Chief Executive Officer & President – Robert Eadie
Chief Operating Officer - Salvador Garcia
Chief Financial Officer – Gary Arca
Corporate Secretary – Cory Kent

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TSX Symbol: SAM

Form 51-102-F1

STARCORE INTERNATIONAL MINES LTD.

MANAGEMENT DISCUSSION & ANALYSIS

For the period ended January 31, 2019

1. Date of This Report

This MD&A is prepared as of March 13, 2019.

This Management Discussion and Analysis (“MD&A”) should be read in conjunction with the unaudited interim consolidated financial statements of Starcore International Mines Ltd. (“Starcore”, or the “Company”) for the period ended January 31, 2019.

Monetary amounts throughout this MD&A are shown in thousands of Canadian dollars, unless otherwise stated.

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

2. Overall Performance

Description of Business

Starcore is engaged in exploring, extracting and processing gold and silver through its wholly-owned subsidiaries, Compañía Minera Peña de Bernal, S.A. de C.V. (“Bernal”), which owns the San Martin mine in Queretaro, Mexico and Altiplano GoldSilver S.A. de C.V (“Altiplano”), which owns the gold and silver processing plant in Matehuala, Mexico. The Company is a public reporting issuer on the Toronto Stock Exchange (“TSX”). The Company is also engaged in acquiring mining related operating assets and exploration assets in North America directly and through corporate acquisitions. The Company has interests in properties which are exclusively located in Mexico, USA and Canada.

Financial Highlights for the period ended January 31, 2019:

- Cash and short-term investments on hand is \$2.7 million at January 31, 2019 compared to \$2.3 million at April 30, 2018;
- Gold and silver sales of \$6.6 million for the three months ended January 31, 2019 compared to \$5.4 million for the prior period ended January 31, 2018;
- Net loss of \$1.4 million for the three months January 31, 2019 compared to net loss of \$4.6 million for the prior period ended January 31, 2018;
- Equivalent gold production of 3,982 ounces in three months ended January 31, 2019 compared to production of 2,425 ounces for the prior period ended January 31, 2018;
- Mine operating cash cost is US\$1,093/EqOz for the three months ended January 31, 2019 compared to cost of US\$1,657/EqOz for the prior period ended January 31, 2018;
- All-in sustaining costs of US\$1,297/EqOz for the three months ended January 31, 2019 compared to costs of US\$1,842/EqOz for the prior period ended January 31, 2018;
- EBITDA⁽¹⁾ of \$335 for the nine months ended January 31, 2019 compared to a loss of \$(4,236) for the prior period ended January 31, 2018.

Reconciliation of Net Income to EBITDA

For the nine months ended January 31,	2019	2018
Net loss	\$ (9,924)	\$ (6,894)
Allowance for receivables	441	-
Disposal of E&E assets	82	-
Impairment of plant and equipment	5,943	-
Income tax expense (recovery)	565	(849)
Interest	237	56
Depreciation and depletion	2,991	3,541
EBITDA	\$ 335	\$ (4,236)
EBITDA MARGIN⁽²⁾	1.3%	(21.3)%

(1) EBITDA (“Earnings before Interest, Taxes, Depreciation and Amortization”) is a non-GAAP financial performance measure with no standard definition under IFRS. It is therefore possible that this measure could not be comparable with a similar measure of another Corporation. The Corporation uses this non-GAAP measure which can also be helpful to investors as it provides a result which can be compared with the Corporation market share price.

(2) EBITDA MARGIN is a measurement of a company’s operating profitability calculated as EBITDA divided by total revenue. EBITDA MARGIN is a non-GAAP financial performance measure with no standard definition under IFRS. It is therefore possible that this measure could not be comparable with a similar measure of another Corporation. The Corporation uses this non-GAAP measure which can also be helpful to investors as it provides a result which can be compared with the Corporation market share price.

3. Selected Annual Information

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

	Twelve months ended April 30, 2018	Twelve months ended April 30, 2017	Nine months ended April 30, 2016
Revenues	\$ 27,807	\$ 27,228	\$ 20,326
Cost of Sales	(32,735)	(26,402)	(18,807)
Earnings (loss) from mining operations	(4,928)	826	1,519
Sale of San Pedrito	-	7,128	-
Administrative Expenses	(5,291)	(3,593)	(3,963)
Impairment of Mining Interest, plant and equipment	(6,713)	-	-
Loss on disposal of E&E asset	(1,013)	-	-
Income tax recovery	5,945	2,861	2,639
Total earnings			
(i) Total earnings	\$ (12,000)	\$ 7,222	\$ 195
(ii) Earnings per share – basic	\$ (0.24)	\$ 0.15	\$ 0.00
(iii) Earnings per share – diluted	\$ (0.24)	\$ 0.15	\$ 0.00
Total assets	\$ 64,451	\$ 82,096	\$ 78,907
Total long-term liabilities	\$ 10,609	\$ 13,036	\$ 13,324

4. Results of Operations

Discussion of Acquisitions, Operations and Financial Condition

The following should be read in conjunction with the unaudited interim consolidated financial statements of the Company and notes attached thereto for the period ended January 31, 2019.

4.1 San Martín Mine, Queretaro, Mexico

Reserves

The San Martin Mine, located approximately 50km east of the City of Queretaro, State of Queretaro, Mexico, consists of mining concessions covering 12,992 hectares and includes seven underground mining units and four units under exploration Luismin (now “Goldcorp Mexico”) operated the mine from 1993 to January, 2007, when it was purchased by the Company. The Company expects to continue to operate the mine over an expected mine life of over 10 years based on the current expected conversion of known resources, and exploration is able to maintain proven and probable reserves replacing those mined with new reserves, such that the total resource remains relatively constant from year to year.

The Company has recently completed a Resource estimate prepared “RESERVES AND RESOURCES IN THE SAN MARTIN MINE, MEXICO AS OF APRIL 30, 2018”, dated June 27, 2018, prepared by Erme Enriquez. (the “Technical Report”), which is also available on the Company website www.starcore.com.

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

- A gold price of \$1,300 per ounce.
- A silver price of \$16.00 per ounce.
- First quarter 2018 operating costs of US\$69.41 per metric dry tonne.
- Average metallurgical recoveries of 88% for gold and 55% for silver.
- Using the above price and cost assumptions the resultant calculated cutoff grade is approximately 1.66 g/t Au equivalent.
- Specific gravity of 2.6 g/cm³ has been applied to all calculated mineralized volumes.

Category	Tonnes	Grade		Total Contained oz		
		(g Au/t)	(g Ag/t)	(oz Au)	(oz Ag)	(oz Au Eq)
<i>Reserve:</i>						
Proven	409,879	2.57	60	33,910	765,096	52,952
Probable	1,241,439	1.96	24	78,049	934,112	101,429
Total Proven and Probable	1,651,318	2.11	33	111,958	1,699,208	154,382
<i>Resource:</i>						
Inferred	1,339,370	1.87	24	86,917	1,047,943	99,814
Indicated	156,442	2.56	27	12,883	136,711	13,109
Total Inferred and Indicated	1,495,812	1.94	25	99,800	1,184,654	112,924

Total Proven and Probable Mineral Reserves at the San Martin mine as of April 30, 2018 estimated by mine staff and reviewed by Erme Enriquez CPG, are 1,651,318 tonnes at a grade of 2.11 g Au/t and 33 g Ag/t. This total includes Proven reserves of 409,879 tonnes grading 2.57 g/t Au and 60 g/t Ag along with Probable reserves of 1,241,439 tonnes grading 1.96 g/t Au and 24 g/t Ag. The Carbonaceous material has been included in the Reserves.

The total resource above of Proven and Probable and Inferred and Indicated totals 3,147,130 tonnes at an average grade of 2.03 g Au/t and 29 g Ag/t.

Production

The following table is a summary of mine production statistics for the San Martin mine for the three months and nine months ended January 31, 2019 and for the previous year ended April 30, 2018.

<i>(Unaudited)</i>	<i>Unit of measure</i>	Actual results	Actual results	Actual results
		3 months ended 31-Jan-19	9 months ended 31-Jan-19	12 months ended 30-Apr-18
Mine production of gold in dore	<i>thousand ounces</i>	3.4	10.0	11.9
Mine production of silver in dore	<i>thousand ounces</i>	46.2	186.9	102.1
Total mine production – equivalent ounces	<i>thousand ounces</i>	4.0	12.3	13.2
Silver to Gold equivalency ratio		84.5	81.4	78.20
Mine Gold grade	<i>grams/tonne</i>	1.80	1.57	1.62
Mine Silver grade	<i>grams/tonne</i>	33.2	42.1	21.3
Mine Gold recovery	<i>percent</i>	84.2%	86.3%	84.5%
Mine Silver recovery	<i>percent</i>	60.0%	59.3%	55.2%
Milled	<i>thousands of tonnes</i>	71.1	229.9	269.6
Mine development, preparation and exploration	<i>meters</i>	402	1,227	9,089
Mine operating cash cost per tonne milled	<i>US dollars/tonne</i>	61	56	61
Mine operating cash cost per equivalent ounce	<i>US dollars/ounces</i>	1,093	1,054	1,237
Number of employees/contractors at minesite		314	314	339

During the quarter ended January 31, 2019, the mill operated at a rate of approximately 772 milled tonnes/calendar day. Gold and silver grades during the quarter ending January 31, 2019 were 1.80 g/t and 33.2 g/t, respectively, compared to prior year comparable quarter grades of 1.23 g/t and 16.5 g/t, respectively. Overall equivalent gold production from the mine during the quarter ending January 31, 2019 of 3,982 ounces was higher than the previous comparable period's

production of 2,425 due mainly to overall production tonnage increase to 71,058 tonnes compared to 65,598 during the prior comparable period and to much better ore grade for gold and silver. Overall development meters have increased considerably in the current nine months ended January 31, 2019, to 7,160 meters compared to 5,835 meters in the prior comparable period ended January 31, 2018 resulting in an increased milled tonnage through the plant.

Production cash costs of the mine for the three months ended January 31, 2019 were US\$1,093/EqOz compared to US\$1,657/EqOz in the prior comparable period ending January 31, 2018. The decrease in production cash costs were largely due to higher metal production from higher tonnage processed and higher overall ore grade while keeping costs in line with budgets.

Operating cash costs of US\$61/t were in line with the prior comparable period ending January 31, 2018 of US\$61/t due to maintaining costs incurred in mine development and exploitation combined with more efficiency in cost control despite higher input costs such as fuel, electricity, chemicals and labour. The mine plan has been developed to ensure the mine is properly developed and mined so as to ensure a constant supply of ore in accordance with currently planned production capacity and ore grades. Changes to the plan that may involve increased production and capital investment are continually being assessed by management. Currently, the Company is continuing underground exploration in order to identify higher grade ore zones and has allocated an adequate budget to support year-long exploration.

During the period ended January 31, 2019, the Company incurred approximately US\$547 in mine capital expenditures, which includes mine development drifting and drilling, machinery and equipment leases and purchases, and construction and tailings dam remediation, compared to US\$493 in the prior comparable period ending January 31, 2018.

4.2 Property Activity

San Martin properties – Queretaro, Mexico

The San Martin mine properties are comprised of mining concessions covering 12,992 hectares. In addition to the ongoing mine exploration and development that is currently being performed in development of the mine, management is continually assessing the potential for further exploration and development of the San Martin properties and continually modifying the exploration budget accordingly.

The mine operates three underground and one surface drill rigs to provide information to assist with mine planning in addition to exploration, with the intent of increasing the reserves and resources on the property, and the Company is budgeting targets of approximately 10,000 metres of underground exploration drilling in calendar 2019.

Salvador Garcia, Chief Operating Officer, is the Company's qualified person under NI 43-101, and has reviewed and approved the scientific and technical disclosure on the San Martin Mine disclosed in this MD&A.

Impairment of Mining Interest

In determining the recoverable amounts of the Company's mining interests, the Company's management makes estimates of the discounted future cash flows expected to be derived from the Company's mining properties, costs to sell the mining properties and the appropriate discount rate. The projected cash flows are significantly affected by changes in assumptions about gold's selling price, future capital expenditures, changes in the amount of recoverable reserves, resources, and exploration potential, production cost estimates, discount rates and exchange rates.

Based on the calculation, during the prior year ended April 30, 2018, management decided to record an impairment of \$5,000 on the San Martin Project.

Management has also determined that the CIL plant constructed in 2016 is no longer useful in the operations of the San Martin mine in Queretaro, Mexico. While this plant has a value as a functioning carbon leach plant and has operated to process third party carbon concentrates, the Company cannot guarantee its usefulness in the future or the ability to attract third party carbon concentrates for processing. As a result, during prior year ended April 30, 2018, management decided to write down the plant to \$Nil value and record an impairment of the book value of \$1,713 to the Statements of Operations and Comprehensive Income (Loss). The plant is currently held for sale.

San Pedrito

On March 21, 2017, the Company finalized the sale of its San Pedrito Property, a non-core asset located in Queretaro, Mexico for Mexican Pesos (“MXN\$”) 192,784,331. The San Pedrito property was part of Starcore’s original acquisition in 2007, when the Company acquired the San Martin Mine from Goldcorp for US\$26 million. The disposition of San Pedrito was recorded during the prior year ended April 30, 2017 and a gain of \$7,128 was reported on the Statement of Operations and Comprehensive Income (Loss). At April 30, 2017, the Company had recorded an allowance for MXN\$10.0 million for amounts that management deemed uncertain for collectability.

During the prior year ending April 30, 2018, the Company received MXN\$ 12,500,000 and interest of MXN\$ 1,270,833 on 5 ha of the remaining parcels to be received. During the current period ending January 31, 2019 the Company received MXN\$ 15,000,000 and interest of MXN\$ 2,300,000 on 6 ha of the remaining 14 ha of parcels to be paid. The Company does not anticipate receiving any additional funds for the sale of this property and therefore has made an allowance for the remaining receivable of \$441 to the Statements of Operations and Comprehensive Income (Loss).

Altiplano Processing Plant, Matehuala, Mexico

On August 5, 2015, the Company acquired Cortez Gold Corp. (“Cortez”) (TSXV: CUT) in an all-share transaction completed pursuant to a court approved Plan of Arrangement under the Business Corporations Act (British Columbia). Pursuant to the acquisition, the purchase price was allocated based on management’s best estimates and assumptions, after taking into account all relevant information available. As a result, apart from working capital allocations, \$6,094 was allocated to plant, machinery and equipment for the Altiplano Plant, which is a facility which processes third party gold and silver concentrate in Matehuala, Mexico.

During the period ended October 31, 2018, management determined that the capital requirements of the Altiplano facility for inventory and operations, despite improving cash flow, did not justify the continuation of these operations. The operations were placed on a maintenance status in the quarter and remaining inventories were processed and sold accordingly. While this plant has a value as a functioning plant and has operated to process third party concentrates, management is currently assessing the best use of the assets of Altiplano and is considering sale of the facility.

As a result, management has decided to write down the plant and land, consisting of over 50 ha, to \$400 value. The Company has record an impairment of \$5,943 to the Statements of Operations and Comprehensive Income (Loss).

American Consolidated Minerals Corp.

On November 20, 2014, the Company announced the approval of the proposed acquisition of American Consolidated Minerals Corp (“AJC”) pursuant to a plan of arrangement (the “Transaction”) by the AJC shareholders. The Transaction was completed on December 1, 2014 upon the satisfaction of all of the conditions set out in the arrangement agreement entered into by AJC and the Company on October 1, 2014, including approval by the Supreme Court of British Columbia.

Pursuant to the acquisition of AJC, the Company has acquired the right to 2 properties as follows:

Toiyabe, Nevada, USA

Pursuant to the acquisition of AJC, the Company acquired the right to a 100% undivided interest, subject to a 3% NSR, in 165 mining claims located in Lander County, Nevada, United States of America (“Toiyabe”) from MinQuest.

Consideration to be paid for the interest is USD\$900 (payable over 5 years commencing October 19, 2018) and the Company must incur total exploration expenditures of USD\$1,025 on the property (incurred) as agreed by MinQuest. Annual payments commencing October 19, 2018 are \$60 (paid), \$80, \$100, \$120, \$140 and \$400 respectively.

The optionor has also granted the Company the right to purchase up to one-half of the NSR (or 1.5%) on the basis of US\$2 million per each 1% of the royalty.

During the period ending October 31, 2016, the Company completed Phase 1 drilling on the Toiyabe property. A total of 3,011 meters of RC/core were drilled in 15 holes. Shallow RC drill holes have identified a possible extension of the near-surface resource and the first deep core hole has identified high-grade gold mineralization (1.5 m of 12.9 g/t Au) at depth.

Reverse Circulation (RC) drilling, including two pre-collar holes, consisted of fifteen holes for a total footage of 2,537 meters. Core drilling totalled 474 meters in two holes. A summary of assay results received to date and a map of drill hole locations can be found on the Company website [https:// www.starcore.com](https://www.starcore.com) .

Assays from T-1601C, the first deep core hole, show a broad mineralized zone from 254 to 294 meters (40 m) which averages 1.3 g/t Au. This zone includes 3 meters of 7.7 g/t Au (255.4-258.4 m) or 1.5 meters of 12.9 g/t Au (255'4-256.9 m). The mineralized intervals coincide closely with highly altered breccia within broad fault zones.

The RC program targeted a combination of resistivity high anomalies as well as offsets and extensions to mineralization associated with the Courtney fault zones. A near-surface NI43-101 resource of 173,562 contained ounces of gold was published in 2009. Fifteen of the initially proposed RC holes were completed for a total drilling footage of 2,537 meters. Seven of the fifteen RC holes were lost short of targeted horizons. Even with these drilling limitations, fourteen of the fifteen RC holes encountered anomalous gold values as shown in the table above.

All RC drilling samples are collected in 1.5 meter intervals, logged and securely shipped to ALS Chemex Labs Inc. in Reno, Nevada to be analyzed for gold and silver by fire assay. A second sample split is kept on site for possible re-testing or future metallurgy. Standards and blanks are included with the sample submittals and numerous repeat assays conducted. The core is logged, sample intervals marked on the core either in 1.5 meter lengths or geologic/structural breaks, sawed and half core assayed the same as the RC procedure mentioned above.

Richard Kern, Certified Professional Geologist (#11494) is the Qualified Person who has prepared and reviewed the technical information on the Toiyabe property in accordance with NI 43-101 reporting standards.

Lone Ranch, Washington, USA

The Company has acquired the right to a 100% undivided interest, subject to a 3% net smelter royalty ("NSR"), in 73 mining claims located in Ferry County, Washington State, United States of America ("Lone Ranch") from MinQuest Inc. ("MinQuest"). During the period ending October 31, 2018, the Company has decided to abandon the property and all costs associated with this property have been written off in the Consolidated Statements of Operations and Comprehensive Income.

Creston Moly

On February 19, 2015, the Company acquired all of the shares of Creston Moly from Deloitte Restructuring Inc. in its capacity as trustee in bankruptcy of Mercator Minerals Ltd. at a purchase price of CDN \$2 Million. In June, 2011, Mercator Minerals Ltd. ("Mercator"), a TSX listed company, acquired Creston Moly in a cash and shares deal valuing Creston Moly at approximately \$194 million. At that time, the Board of Directors of Creston Moly, after receiving the recommendation of its special committee and consultation with its financial and legal advisors, unanimously supported the arrangement whereby Mercator would acquire all of the issued and outstanding common shares of Creston.

BMO Capital Markets, financial advisor to Creston Moly and its Board, provided a fairness opinion to the effect that the consideration (of \$194 million) was fair, from a financial point of view, to the shareholders of Creston Moly.¹ Creston shareholders voted in favour of the acquisition. The most significant asset in this acquisition was the El Creston project in Sonora, Mexico which had been advanced to a completed Preliminary Economic Assessment ("PEA").

The Company acquired Creston Moly, a British Columbia company that owns, through its subsidiaries, a 100% interest in the following properties:

¹ The information in this report relating to the acquisition of Creston Moly by Mercator has been drawn from documents filed under the Creston Moly Corp. issuer profile on SEDAR, more specifically: Creston's Management Information Circular dated May 9, 2011 and filed on SEDAR on May 16, 2011, and Creston's news release of June 6, 2011 as filed on SEDAR on June 7, 2011.

Ajax, British Columbia, Canada²

Ajax Molybdenum Property is comprised of 11,718 hectares and is located 13 km north of Alice Arm, British Columbia. The Ajax Property, one of North America's largest undeveloped molybdenum deposits occupying a surface area of approximately 600 by 650 metres, is a world class primary molybdenum property in the advanced stage of exploration.

Molybrook, Newfoundland, Canada³

Creston's Molybrook molybdenum property located on the south coast of Newfoundland is centred 2.5 km from the outport of Grey River less than 4 kilometres from a deep water, ice free navigable fjord. During the period ended January 31, 2019, the Company has decided to abandon the property and all costs associated with this property have been written off in the Consolidated Statements of Operations and Comprehensive Income.

El Creston Project, Sonora, Mexico⁴

The El Creston molybdenum property is located in the State of Sonora, Mexico, 175 kilometres south of the US Border and 145 kilometers northeast of the city of Hermosillo which has completed a Preliminary Economic Assessment on the property based on zones of porphyry-style molybdenum ("Mo")/Copper ("Cu") mineralization. In 2010, a PEA was prepared on the project by an independent consulting firm. The result of this study indicated that the El Creston molybdenum-copper deposit had a US \$561.9million net present value after tax (using an 8% discount rate). The internal rate of return (after tax) was calculated to be 22.3% and a capital cost payback was calculated to be four years.

Other highlights of the report include:

- **Large moly-copper deposit in a mining-friendly jurisdiction.** Total Measured and Indicated Resources of 215 million tonnes grading 0.071% Mo and 0.06% Cu, containing 336 Mlbs Mo and 281 Mlbs Cu. Mineral resources that are not mineral reserves do not have demonstrated economic viability;
- **Initial Capital cost:** US\$655.9million with payback of 4 years, based on metal prices of \$15/lb Mo and \$2.60/lb Cu. Metal recoveries were estimated at 88% for Mo and 84% for Cu;
- **Low Operating Cost:** operating cost of \$US4.12/lb Mo, net of copper credits, 0.84:1 waste to ore strip ratio within an optimized pit containing an additional 7.6 million tonnes of Inferred Resources responsible for \$20M of the NPV;
- **Excellent infrastructure:** Road accessible with a 230kV power grid within 50 km;
- **Apart from the PEA,** recommendations have been made to test known mineralization below the current pit-limiting "Creston Fault" where results such as drill hole EC08-54 returned 241.4m at 0.083% Mo and 0.059% Cu to a depth of 495m in the Red Hill Deep zone.

David Visagie, P.Geo., an independent consultant, is the Company's qualified person under NI 43-101, and has reviewed and approved the scientific and technical disclosure on the El Creston Project disclosed in this report.

² Technical information in this report relating to the Ajax Project is based on the NI 43-101 Resource Estimate Press Release entitled "Tenajon Announces 75% Increase in Indicated Molybdenum Resources at Ajax Project", dated May 15, 2008 and the technical report entitled "Update of Resource Estimation, Ajax Property, Alice Arm, British Columbia", dated April 18, 2007, both of which are filed under the Tenajon Resources Corp. issuer profile on SEDAR.

³ Technical information in this report relating to the Moly Brook property is based on the technical report entitled "Technical Report, Moly Brook Property, Grey River Area, Newfoundland, Canada", dated June 15, 2009, filed under the Tenajon Resources Corp. issuer profile on SEDAR.

⁴ The technical information in this MD&A relating to the El Creston Project is based on the technical report entitled "Preliminary Economic Assessment, El Creston Project, Opodepe, Sonora, Mexico", dated December 16, 2010, filed under the Creston Moly Corp. issuer profile on SEDAR.. Information regarding the effective date of the mineral resources, key assumptions, parameters and methods used to estimate the mineral resources, and known risks that materially affect the mineral resources can be found in the technical report.

4.3 Results of Operations

The Company recorded loss for the nine months ended January 31, 2019 of \$9,924 compared with loss of \$6,894 for the comparative period ended January 31, 2018. The details of the Company's operating results and related revenues and expenses are as follows:

For the period ended January 31,	2019	2018	Variance
Revenues			
Mined ore	\$ 20,176	\$ 14,069	\$ 6,107
Purchased concentrate	5,722	5,785	(63)
Total Revenue	25,898	19,854	6,044
Cost of Sales			
Mined ore	(16,952)	(14,762)	(2,190)
Purchased concentrate	(5,861)	(5,947)	86
Depreciation and depletion	(2,924)	(3,451)	527
Total Cost of Sales	(25,737)	(24,160)	(1,577)
Earnings (Loss) from mining operations	161	(4,306)	4,467
Financing costs (net)	(124)	(5)	(119)
Foreign exchange gain/ (loss)	(62)	55	(117)
Management fees and salaries	(1,115)	(1,285)	170
Office and administration	(932)	(1,066)	134
Professional and consulting fees	(491)	(879)	388
Property investigation costs	(53)	-	(53)
Transfer agent and regulatory fees	(67)	(132)	65
Shareholder relations	(210)	(125)	(85)
Loss before taxes and other losses	(2,893)	(7,743)	4,850
Other Losses			
Allowance for receivables	(441)	-	(441)
Write down of mining interest	(5,943)	-	(5,943)
Disposal of E&E assets	(82)	-	(82)
Total Other Losses	(6,466)	-	(6,466)
Income tax recovery/ (expense)			
Deferred	(565)	849	(1,414)
Loss for the period	\$ (9,924)	\$ (6,894)	\$ (3,030)

Overall, revenue from mining operations milled ore increased by \$6,107 for the period ended January 31, 2019 compared to the comparative period ended January 31, 2018, due mainly to higher metal production from higher ore grades and higher tonnage processed in the current period compared to the prior comparable period, with slightly lower gold and silver prices. There was a decrease of \$63 in purchased concentrate revenue as Altiplano plant operations were suspended in the current period.

Sales of metals for mining operations for the nine months ended January 31, 2019 approximated 10,261 ounces of gold and 204,644 ounces of silver sold at average prices in the period of US\$1,251 and US\$14.89 per ounce, respectively. This is an increase in sale of gold ounces and in silver ounces when compared to the prior comparable period ended January 31, 2018

where sales of metal approximated 8,234 ounces of gold and 46,977 ounces of silver, sold at higher average prices of US\$1,273 per ounce for gold and higher average prices of US\$16.85 per ounce for silver, respectively.

The total cost of sales above includes non-cash expenses for depreciation and depletion of \$2,924 compared to \$3,451 in the prior comparable period, which is calculated based on the units of production from the mine over the expected mine production as a denominator. This calculation is based solely on the San Martin mine proven and probable reserves and a percentage of inferred resources in accordance with the Company's policy of recognizing the value of expected Resources which will be converted to Proven and Probable Reserves, as assessed by management.

For the period ending January 31, 2019, the Company produced income of \$161 in from mine and concentrate operations compared to a loss of \$4,306 for the period ended January 31, 2018. The earnings resulted from an increase in the sale of metal ounces when compared to the prior period. The combination of higher grades and tonnes processed for gold and silver during this period resulted in higher metal production and, therefore, revenue from mined ore as compared to the prior comparable period.

Costs per ounce for the quarter of US\$1,093/EqOz and US\$1,054/EqOz for the period ended January 31, 2019 was considerably lower than the costs of US\$1,657/EqOz and US\$1,337/EqOz for the respective comparable periods ended January 31, 2018. Despite this lower cost comparable reported mined ore costs at \$16,952 were higher than the \$14,762 reported in the previous period ended January 31, 2018 due to the higher tonnes processed in the current period. Mined ore costs increased in the current period due mainly to much higher development costs incurred to increase future ore reserves, coupled with increased input costs such as fuel, electricity, chemicals and labour.

The Company also processed purchased concentrate at the Altiplano plant during the nine months ended January 31, 2019 for revenue of \$4,094 and cost of purchasing concentrate of \$4,316, for a net loss of \$222. The net loss is due mainly to the fixed cost of the facility in light of the facility barely achieving a break-even level of production from purchase and processing of concentrates and other materials. In addition, the Company also processed concentrate at the San Martin plant during the nine months ended January 31, 2019 for revenue of \$1,628 and cost of purchasing concentrate of \$1,545, for a net profit of \$83.

During the period ended October 31, 2018, management determined that the capital requirements of the Altiplano facility for inventory and operations, despite improving cash flow, did not justify the continuation of these operations. The operations were placed on a maintenance status in the period and remaining inventories were processed and sold accordingly. While this plant has a value as a functioning plant and has operated to process third party concentrates, management is currently assessing the best use of the assets of Altiplano and is considering sale of the facility.

As a result, management has decided to write down the plant and land, consisting of over 50 ha, to \$400 value. The Company has record an impairment of \$5,943 to the Statements of Operations and Comprehensive Income (Loss). Additional plant closure costs of approximately \$150 have been included in Office and Administrative expenses.

Other Items

Changes in other items for the nine months period ended January 31, 2019, resulted in the following significant changes from the nine months period ended January 31, 2018:

- Financing costs during the period decreased by \$129 primarily due to interest received of \$141 on the receivable from the San Pedrito sale and due to the interest incurred on outstanding debt by \$237;
- Office and administration decreased by \$133 due lower corporate costs relating to general regulatory administration in the current period, offset by approximately \$150 in Altiplano administrative closure costs;
- Management fees and salaries decreased by \$170 due to the Company not issuing any bonuses to management compared to the prior period and also to lower RSU/DSU liability in current period as no additional RSU/DSU's were allocated in the current fiscal period;
- Foreign exchange gain decreased by \$117 for the period ended January 31, 2019. The decrease relates primarily to the fluctuations of the Mexican peso and Canadian dollar in relation to the US dollar, the functional currency of the mining operations;

- Professional and consulting fees decreased by \$388 to \$491 for the period ended January 31, 2019. The decrease is primarily due to the additional costs relating to the San Pedrito sale in the prior comparable quarter. Professional fees relate primarily to charges in relations to legal, tax and audit fees;
- Property investigation costs of \$53 were incurred during the period to perform the necessary due diligence on new projects;
- During the period, the Company received MXN\$15million of the remaining receivable regarding San Pedrito project and management has created a further allowance of \$441 against the remaining receivable as collection is in doubt;
- Deferred Income Tax (“DIT”) Recovery decreased by \$1,414 due mainly to the Company writing off the Future Income Tax asset of \$539 in relationship to the impairment of the Altiplano project.

Sustaining Costs

In conjunction with a non-GAAP initiative being undertaken within the gold mining industry, the Company has adopted an “all-in sustaining cash cost” (“AISC”) non-GAAP performance measure that the Company believes more fully defines the total costs associated with producing gold; however this performance measure has no standardized meaning. As the measure seeks to reflect the full cost of equivalent gold production from current mining operations, new project capital is not included in the calculation. As this measure includes only San Martin mining operations coupled with related capital costs, it excludes purchase concentrate operations which are not considered meaningful for purposes of calculating AISC. Accordingly it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. The Company reports this measure on a sales basis based solely on sales of metal from the San Martin mining operations:

<i>(In Canadian Dollars unless indicated)</i> For the nine months ended January 31,	Sustaining Costs (in 000's)		Sustaining Costs Per Ounce (in \$/oz)	
	2019	2018	2019	2018
Total cost of sales cash costs ¹	\$ 16,952	\$ 14,762	\$ 1,335	\$ 1,667
Total corporate and administration cash costs ²	2,816	3,487	222	394
Foreign exchange gain	62	(55)	5	(6)
Reclamation and closure accretion	63	62	5	7
Sustaining capital expenditures and exploration	1,729	2,560	136	289
All-in sustaining cash costs	21,622	20,816	1,703	2,351
Foreign exchange adjustment	(5,154)	(4,512)	(406)	(509)
All-in sustaining USD cash costs	\$ 16,468	\$ 16,304	\$ 1,297	\$ 1,842
Total equivalent ounces sold	12,696	8,856		

¹ Excludes non-cash depletion of \$2,924 for the nine months ended January 31, 2019 (January 31, 2018: \$3,451).

² Includes share-based compensation of \$(41) for the nine months ended January 31, 2019 (January 31, 2018: \$(31)).

Cash Flows

Cash outflow from operating activities was \$1,570 during the period ended January 31, 2019, compared to a cash outflow of \$3,859 for the comparative period ended January 31, 2018. Cash flows from operating activities were determined by removing non-cash expenses from the earnings such as write down of plant and equipment for \$5,444, Impairment, disposal of exploration and evaluation assets for \$82 and adjusting for non-cash working capital amounts. Financing activities resulted in an inflow of \$3,000 mainly due to the new loan agreement that was arranged during the current period. Cash outflows from investing activities were \$2,136 primarily due to purchase of short term investment of \$1,250 and the Company spent \$1,837 on investment in mining interest, plant and equipment, \$245 on investment in exploration and evaluation assets, proceeds and interest from disposition of San Pedrito are \$1,196. Overall cash decreased during the period ended January 31, 2019 by \$706.

Investor Relations Activities

During the period ended January 31, 2019, the Company responded directly to investor inquiries.

Financings, Principal Purposes & Milestones

During the period ended January 31, 2019, the Company did not have any financings.

5. Summary of Quarterly Results

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

	Q3	Q2	Q1	Q4
	31-Jan-19	31-Oct-18	31-Jul-18	30-Apr-18
Total Revenue	\$ 6,564	\$ 8,711	\$ 10,623	\$ 7,953
Earnings (loss) from mining operations	\$ (131)	\$ (381)	\$ 673	\$ (622)
Earnings (loss) for period	\$ (1,417)	\$ (8,126)	\$ (381)	\$ (5,106)
Per share – basic	\$ (0.03)	\$ (0.16)	\$ (0.01)	\$ (0.12)
Per share – diluted	\$ (0.03)	\$ (0.16)	\$ (0.01)	\$ (0.12)
	Q3	Q2	Q1	Q4
	31-Jan-18	31-Oct-17	31-Jul-17	30-Apr-17
Total Revenue	\$ 5,352	\$ 6,407	\$ 8,095	\$ 6,815
Earnings (loss) from mining operations	\$ (2,573)	\$ (1,354)	\$ (379)	\$ (1,096)
Earnings (loss) for period	\$ (4,625)	\$ (1,975)	\$ (294)	\$ 8,095
Per share – basic	\$ (0.09)	\$ (0.03)	\$ (0.00)	\$ 0.17
Per share – diluted	\$ (0.09)	\$ (0.03)	\$ (0.00)	\$ 0.17

Discussion

The Company reports loss of \$1,417 for the quarter ending January 31, 2019 compared to a loss of \$4,625 in the comparative quarter ended January 31, 2018. For more detailed discussion on the quarterly production results and financial results for the quarter ended January 31, 2019, please refer to *Sections 4.1 and 4.3 under "Results of Operations"*.

6. Liquidity and Commitments

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

As at January 31, 2019, the Company had the following commitments:

- a) As at January 31, 2019, the Company has shared lease commitments for office space of approximately \$144 per year, expiring at various dates up to April 2020, which includes minimum lease payments and estimated taxes, but excluded operating costs, taxes and utilities, to expiry.
- b) As at January 31, 2019, the Company has a land lease agreement commitment with respect to the land at the mine site, for \$132 per year until December 2019. The Company also has ongoing commitments on the exploration and evaluation assets of approximately \$220 per year.
- c) As at January 31, 2019, the Company has management contracts to officers and directors totaling \$600 per year, payable monthly, expiring in January 2020 and US\$315 per year, payable monthly, expiring in August 2021.

Obligations due within twelve months of January 31,	2019	2020	2021	2022 and beyond
Trade and other payables	\$ 3,115	\$ -	\$ -	\$ -
Current portion of loan payable	-	1,450	-	-
Current portion of loan payable	-	-	3,111	-
Reclamation and closure obligations	\$ -	\$ -	\$ -	\$ 1,248

7. Capital Resources

The capital resources of the Company are the mining interests, plant and equipment, with an amortized historical cost of \$36,047 as at January 31, 2019. The Company is committed to further expenditures of capital required to maintain and to further develop the San Martin mine which management believes will be funded directly from the operating cash flows of the mine.

8. Off Balance Sheet Arrangements

The Company has no off-balance sheet transactions.

9. Transactions with Related Parties

N/A

10. Third Quarter

Due to mine operating activity of the San Martin mine discussed throughout this MD&A and as detailed in Section 4.1, the operations and activities are similar to previous quarters which are discussed in *Section 4.3 – Results of Operations*.

11. Proposed Transactions

N/A

12. Critical Accounting Estimates

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

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

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

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

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

b) Rehabilitation Provisions

Rehabilitation provisions have been created based on the Company's internal estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from period to period. Actual rehabilitation costs will ultimately depend on future market prices for the rehabilitation costs, which will reflect the market condition at the time of the rehabilitation costs are actually incurred. The final cost of the currently recognized rehabilitation provision may be higher or lower than currently provided for. The inflation rate applied to estimated future rehabilitation and closure costs is 3.5% and the discount rate currently applied in the calculation of the net present value of the provision is 8%.

c) Impairments

The Company assesses its mining interest, plant and equipment assets annually to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance.

d) Income Taxes

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

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

e) Mineral Reserves and Mineral Resource Estimates

Mineral reserves are estimates of the amount of ore that can be economically and legally extracted from the Company's mining properties. The Company estimates its mineral reserve and mineral resources based on information compiled by Qualified Persons as defined by Canadian Securities Administrators National Instrument 43-101 Standards for Disclosure of Mineral Projects. Such information includes geological data on the size, depth and shape of the mineral deposit, and requires complex geological judgments to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of commodity prices, future capital requirements, and production costs along with geological assumptions and judgments made in estimating the size and grade that comprise the mineral reserves. Changes in the mining reserve or mineral resource estimates may impact the carrying value of mineral properties and deferred development costs, property, plant and equipment, provision for site reclamation and closure, recognition of deferred income tax assets and depreciation and amortization charges.

f) Units of production depletion

Estimated recoverable reserves are used in determining the depreciation of mine specific assets. This results in depreciation charges proportional to the depletion of the anticipated remaining life of mine production. Each item's life, which is assessed annually, has regard to both its physical life limitations and to present assessments of economically recoverable reserves of the mine property at which the asset is located. These calculations require the

use of estimates and assumption, including the amount of recoverable reserves and estimate of future capital expenditure. Changes are accounted for prospectively.

g) Shared-based Payments

The Company measures the cost of equity-settled transactions with employees, and some with non-employees, by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant.

This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, expected forfeiture rate, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in the notes.

13. Changes in Accounting Policies

N/A

14. Financial and Other Instruments

All significant financial assets, financial liabilities and equity instruments of the Company are either recognized or disclosed in the unaudited consolidated financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk. Where practicable the fair values of financial assets and financial liabilities have been determined and disclosed; otherwise only available information pertinent to fair value has been disclosed.

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

Currency risk is the risk to the Company's earnings that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. The primary currency the Company exposed to is the United States dollar which is also the functional currency of the San Martin Mine. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. At January 31, 2019 the Company had the following financial assets and liabilities denominated in CDN and denominated in Mexican Pesos:

<u>In '000 of</u>	<u>CAD</u>	<u>MXN\$</u>
Cash	\$ 409	MP 7,491
Other working capital amounts - net	\$ 1,161	MP 35,736
Long-term liabilities	\$ (3,111)	

At January 31, 2019, US dollar amounts were converted at a rate of \$1.3142 Canadian dollars to \$1 US dollar and MP were converted at a rate of MP19.05 to \$1 US Dollar.

Other

15.1 Disclosure of Outstanding Share Capital as at March 13, 2019

	<u>Number</u>	<u>Book Value</u>
Common Shares	49,646,851	\$ 50,725

There were no changes in options from February 1, 2019 to March 13, 2019.

As at March 13, 2019, the following warrants were outstanding and exercisable to purchase one common share for each warrant held:

Number of Warrants	Exercise Price	Expiry Date
250,000	\$0.30	March 7, 2022
3,000,000	\$0.20	June 18, 2021
3,250,000	\$0.21	

15.2 **Disclosure Controls and Procedures**

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

Internal Controls Over Financial Reporting

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

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

There has been no change in the Company's internal control over financial reporting during the Company's period ended January 31, 2019 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Limitations of Controls and Procedures

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