



**SILVERCORP METALS INC.**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**For the three and six months ended September 30, 2017 and 2016**  
**(Expressed in thousands of US dollars, unless otherwise stated)**  
**(Unaudited)**

# SILVERCORP METALS INC.

## Condensed Consolidated Interim Statements of Financial Position

(Unaudited) (Expressed in thousands of U.S. dollars)

	Notes	As at September 30,		As at March 31,	
		2017		2017	
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	18	\$	41,369	\$	73,003
Short-term investments			57,255		23,466
Trade and other receivables			1,314		1,311
Inventories			9,922		8,710
Due from a related party	10		59		92
Prepays and deposits			4,610		4,250
			<b>114,529</b>		<b>110,832</b>
<b>Non-current Assets</b>					
Long-term prepaids and deposits			907		959
Reclamation deposits			5,242		5,054
Investment in an associate	3		29,524		8,517
Other investments	4		6,489		1,207
Plant and equipment	5		66,313		65,201
Mineral rights and properties	6		216,826		206,200
<b>TOTAL ASSETS</b>		\$	<b>439,830</b>	\$	<b>397,970</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Current Liabilities</b>					
Accounts payable and accrued liabilities		\$	24,705	\$	30,374
Deposits received			8,891		6,798
Income tax payable			3,289		2,985
			<b>36,885</b>		<b>40,157</b>
<b>Non-current Liabilities</b>					
Deferred income tax liabilities			30,241		27,692
Environmental rehabilitation			12,827		12,186
<b>Total Liabilities</b>			<b>79,953</b>		<b>80,035</b>
<b>Equity</b>					
Share capital			232,386		232,155
Share option reserve	7		13,948		13,325
Reserves			25,409		25,409
Accumulated other comprehensive loss	8		(37,635)		(50,419)
Retained earnings			63,054		42,651
<b>Total equity attributable to the equity holders of the Company</b>			<b>297,162</b>		<b>263,121</b>
<b>Non-controlling interests</b>	9		<b>62,715</b>		<b>54,814</b>
<b>Total Equity</b>			<b>359,877</b>		<b>317,935</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		\$	<b>439,830</b>	\$	<b>397,970</b>
<b>Commitments and contingencies</b>	17				

Approved on behalf of the Board:

(Signed) David Kong

Director

(Signed) Rui Feng

Director

See accompanying notes to the condensed consolidated interim financial statements

# SILVERCORP METALS INC.

## Condensed Consolidated Interim Statements of Income

(Unaudited)(Expressed in thousands of U.S. dollars, except numbers for share and per share figures)

	Notes	Three Months Ended September 30,		Six Months Ended September 30,	
		2017	2016	2017	2016
<b>Sales</b>	16(c)	\$ 47,541	\$ 46,298	\$ 87,238	\$ 81,569
<b>Cost of sales</b>					
Production costs		16,177	13,789	30,286	27,942
Mineral resource taxes		1,317	1,030	2,428	1,441
Depreciation and amortization		4,441	5,720	8,913	10,683
		<b>21,935</b>	<b>20,539</b>	<b>41,627</b>	<b>40,066</b>
<b>Gross profit</b>		<b>25,606</b>	<b>25,759</b>	<b>45,611</b>	<b>41,503</b>
General and administrative	11	4,473	4,127	9,043	8,512
Government fees and other taxes	12	690	731	1,531	2,426
Foreign exchange loss (gain)		1,111	(215)	2,726	(92)
Loss (gain) on disposal of plant and equipment	5	6	(199)	176	65
Gain on disposal of NSR	4	-	-	(4,320)	-
Share of loss (income) in associate	3	125	(269)	369	(286)
Impairment of plant and equipment and mineral rights and properties		-	-	-	181
Other income		(126)	(83)	(307)	(123)
<b>Income from operations</b>		<b>19,327</b>	<b>21,667</b>	<b>36,393</b>	<b>30,820</b>
Finance income	13	650	537	1,224	968
Finance costs	13	(112)	(260)	(217)	(524)
<b>Income before income taxes</b>		<b>19,865</b>	<b>21,944</b>	<b>37,400</b>	<b>31,264</b>
Income tax expense	14	5,263	5,938	9,284	8,738
<b>Net income</b>		<b>\$ 14,602</b>	<b>\$ 16,006</b>	<b>\$ 28,116</b>	<b>\$ 22,526</b>
<b>Attributable to:</b>					
Equity holders of the Company		\$ 11,145	\$ 12,378	\$ 22,082	\$ 17,052
Non-controlling interests	9	3,457	3,628	6,034	5,474
		<b>\$ 14,602</b>	<b>\$ 16,006</b>	<b>\$ 28,116</b>	<b>\$ 22,526</b>
<b>Earnings per share attributable to the equity holders of the Company</b>					
Basic earnings per share		\$ 0.07	\$ 0.07	\$ 0.13	\$ 0.10
Diluted earnings per share		\$ 0.07	\$ 0.07	\$ 0.13	\$ 0.10
<b>Weighted Average Number of Shares Outstanding - Basic</b>		<b>168,040,068</b>	<b>167,012,454</b>	<b>167,965,537</b>	<b>166,976,159</b>
<b>Weighted Average Number of Shares Outstanding - Diluted</b>		<b>170,017,715</b>	<b>171,540,139</b>	<b>169,990,150</b>	<b>171,043,667</b>

See accompanying notes to the condensed consolidated interim financial statements

# SILVERCORP METALS INC.

## Condensed Consolidated Interim Statements of Comprehensive Income

(Unaudited) (Expressed in thousands of U.S. dollars)

	Notes	Three Months Ended September 30,		Six Months Ended September 30,	
		2017	2016	2017	2016
<b>Net income</b>		\$ 14,602	\$ 16,006	\$ 28,116	\$ 22,526
<b>Other comprehensive income (loss), net of taxes:</b>					
Items that may subsequently be reclassified to net income or loss:					
Currency translation adjustment, net of tax of \$nil		7,924	(1,230)	14,143	(8,872)
Share of other comprehensive loss in associate	3	(8)	(49)	(13)	(73)
Items that will not subsequently be reclassified to net income or loss:					
Change in fair value on equity investments designated as FVTOCI, net of tax of \$nil	4	715	(40)	521	141
<b>Other comprehensive income (loss), net of taxes</b>		\$ 8,631	\$ (1,319)	\$ 14,651	\$ (8,804)
<b>Attributable to:</b>					
Equity holders of the Company		\$ 7,587	\$ (1,099)	\$ 12,784	\$ (7,222)
Non-controlling interests	9	1,044	(220)	1,867	(1,582)
		\$ 8,631	\$ (1,319)	\$ 14,651	\$ (8,804)
<b>Total comprehensive income, net of taxes</b>		\$ 23,233	\$ 14,687	\$ 42,767	\$ 13,722
<b>Attributable to:</b>					
Equity holders of the Company		\$ 18,732	\$ 11,279	\$ 34,866	\$ 9,830
Non-controlling interests		4,501	3,408	7,901	3,892
		\$ 23,233	\$ 14,687	\$ 42,767	\$ 13,722

See accompanying notes to the condensed consolidated interim financial statements

# SILVERCORP METALS INC.

## Condensed Consolidated Interim Statements of Cash Flows

(Unaudited) (Expressed in thousands of U.S. dollars)

	Notes	Three Months Ended September 30,		Six Months Ended September 30,	
		2017	2016	2017	2016
<b>Cash provided by</b>					
<b>Operating activities</b>					
Net income		\$ 14,602	\$ 16,006	\$ 28,116	\$ 22,526
Add (deduct) items not affecting cash:					
Finance costs	13	112	260	217	524
Depreciation, amortization and depletion		4,741	6,029	9,493	11,349
Share of loss (income) in associate	3	125	(269)	369	(286)
Gain on disposal of NSR	4	-	-	(4,320)	-
Impairment of plant and equipment and mineral rights and properties		-	-	-	181
Income tax expense	14	5,263	5,938	9,284	8,738
Finance income	13	(650)	(537)	(1,224)	(968)
Loss (gain) on disposal of plant and equipment	5	6	(199)	176	65
Share-based compensation	7	283	197	686	440
Income taxes paid		(3,445)	(3,006)	(7,582)	(2,915)
Interest received		650	537	1,224	968
Interest paid		-	(50)	-	(101)
Changes in non-cash operating working capital	18	(977)	2,134	1,167	6,701
<b>Net cash provided by operating activities</b>		<b>20,710</b>	<b>27,040</b>	<b>37,606</b>	<b>47,222</b>
<b>Investing activities</b>					
Mineral rights and properties					
Capital expenditures		(5,022)	(5,688)	(10,933)	(10,708)
Plant and equipment					
Additions		(1,520)	(739)	(2,731)	(3,123)
Proceeds on disposals	5	19	15	19	32
Other investments					
Proceeds on disposals	6	-	33	-	33
Reclamation		(15)	-	(19)	(385)
Investment in associate		(20,025)	-	(20,025)	-
Net purchases of short-term investments		(28,063)	(1,995)	(31,767)	(5,976)
<b>Net cash used in investing activities</b>		<b>(54,626)</b>	<b>(8,374)</b>	<b>(65,456)</b>	<b>(20,127)</b>
<b>Financing activities</b>					
Non-controlling interests					
Distribution	9	-	(1,460)	(4,891)	(1,460)
Cash dividends distributed	7(c)	-	-	(1,679)	-
Proceeds from issuance of common shares		165	82	168	297
<b>Net cash provided by (used in) financing activities</b>		<b>165</b>	<b>(1,378)</b>	<b>(6,402)</b>	<b>(1,163)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>		<b>820</b>	<b>(406)</b>	<b>2,618</b>	<b>(1,411)</b>
<b>(Decrease) increase in cash and cash equivalents</b>		<b>(32,931)</b>	<b>16,882</b>	<b>(31,634)</b>	<b>24,521</b>
<b>Cash and cash equivalents, beginning of the period</b>		<b>74,300</b>	<b>49,602</b>	<b>73,003</b>	<b>41,963</b>
<b>Cash and cash equivalents, end of the period</b>		<b>\$ 41,369</b>	<b>\$ 66,484</b>	<b>\$ 41,369</b>	<b>\$ 66,484</b>
Supplementary cash flow information	18				

See accompanying notes to the condensed consolidated interim financial statements

# SILVERCORP METALS INC.

## Condensed Consolidated Interim Statements of Changes in Equity

(Unaudited) (Expressed in thousands of U.S. dollars, except numbers for share figures)

	Notes	Share capital		Share option reserve	Reserves	Accumulated other comprehensive loss	Retained earnings (deficit)	Total equity attributable to the equity holders of the Company	Non-controlling interests	Total equity
		Number of shares	Amount							
<b>Balance, April 1, 2016</b>		166,846,356	\$ 230,933	\$ 12,628	\$ 25,409	\$ (35,994)	\$ 562	\$ 233,538	\$ 53,021	\$ 286,559
Options exercised		219,221	397	(100)	-	-	-	297	-	297
Share-based compensation		-	-	440	-	-	-	440	-	440
Distribution to non-controlling interests		-	-	-	-	-	-	-	(1,460)	(1,460)
Comprehensive (loss) income		-	-	-	-	(7,222)	17,052	9,830	3,892	13,722
<b>Balance, September 30, 2016</b>		167,065,577	\$ 231,330	\$ 12,968	\$ 25,409	\$ (43,216)	\$ 17,614	\$ 244,105	\$ 55,453	\$ 299,558
Options exercised		824,059	825	(218)	-	-	-	607	-	607
Share-based compensation		-	-	575	-	-	-	575	-	575
Dividends declared		-	-	-	-	-	(1,585)	(1,585)	-	(1,585)
Distribution to non-controlling interests		-	-	-	-	-	-	-	(5,630)	(5,630)
Comprehensive (loss) income		-	-	-	-	(7,203)	26,622	19,419	4,991	24,410
<b>Balance, March 31, 2017</b>		<b>167,889,636</b>	<b>\$ 232,155</b>	<b>\$ 13,325</b>	<b>\$ 25,409</b>	<b>\$ (50,419)</b>	<b>\$ 42,651</b>	<b>\$ 263,121</b>	<b>\$ 54,814</b>	<b>\$ 317,935</b>
Options exercised		304,618	231	(63)	-	-	-	168	-	168
Share-based compensation	7(b)	-	-	686	-	-	-	686	-	686
Dividends declared	7(c)	-	-	-	-	-	(1,679)	(1,679)	-	(1,679)
Comprehensive income		-	-	-	-	12,784	22,082	34,866	7,901	42,767
<b>Balance, September 30, 2017</b>		<b>168,194,254</b>	<b>\$ 232,386</b>	<b>\$ 13,948</b>	<b>\$ 25,409</b>	<b>\$ (37,635)</b>	<b>\$ 63,054</b>	<b>\$ 297,162</b>	<b>\$ 62,715</b>	<b>\$ 359,877</b>

See accompanying notes to the condensed consolidated interim financial statements

# SILVERCORP METALS INC.

## Notes to Condensed Consolidated Interim Financial Statements as at September 30, 2017 and for three and six months ended September 30, 2017 and 2016

*(Unaudited)(Expressed in thousands of U.S. dollars, unless otherwise stated)*

### 1. CORPORATE INFORMATION

Silvercorp Metals Inc., along with its subsidiary companies (collectively the “Company”), is engaged in the acquisition, exploration, development, and mining of precious and base metal mineral properties. The Company’s producing mines and other current exploration and development projects are in China.

The Company is a publicly listed company incorporated in Canada with limited liability under the legislation of the Province of British Columbia. The Company’s shares are listed on the Toronto Stock Exchange and commencing May 15, 2017, on NYSE American Stock Exchange.

The head office, registered address and records office of the Company are located at 200 Granville Street, Suite 1378, Vancouver, British Columbia, Canada, V6C 1S4.

Operating results for the three and six months ended September 30, 2017, are not necessarily indicative of the results that may be expected for the year ending March 31, 2018.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### *(a) Statement of Compliance*

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 – *Interim Financial Reporting (“IAS 34”)* of the International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”). These condensed consolidated interim financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended March 31, 2017. These condensed consolidated interim financial statements follow the same significant accounting policies set out in note 2 to the audited consolidated financial statements for the year ended March 31, 2017 except for narrow scope amendments to IAS 7 – *Statement of Cashflows* and IAS 12 – *Income Taxes* which were effective in the current year. These amendments had no material impact on the Company’s financial statements.

These condensed consolidated interim financial statements were authorized for issue in accordance with a resolution of the Board of Directors dated on November 7, 2017.

#### *(b) Basis of Consolidation*

These condensed consolidated interim financial statements include the accounts of the Company and its wholly or partially owned subsidiaries.

Subsidiaries are consolidated from the date on which the Company obtains control up to the date of the disposition of control. Control is achieved when the Company has power over the subsidiary, is exposed or has rights to variable returns from its involvement with the subsidiary; and has the ability to use its power to affect its returns.

For non-wholly-owned subsidiaries over which the Company has control, the net assets attributable to outside equity shareholders are presented as “non-controlling interests” in the equity section of the consolidated balance sheets. Net income for the period that is attributable to the non-controlling interests is calculated based on the ownership of the non-controlling interest shareholders in the

# SILVERCORP METALS INC.

## Notes to Condensed Consolidated Interim Financial Statements as at September 30, 2017 and for three and six months ended September 30, 2017 and 2016

(Unaudited)(Expressed in thousands of U.S. dollars, unless otherwise stated)

subsidiary. Adjustments to recognize the non-controlling interests' share of changes to the subsidiary's equity are made even if this results in the non-controlling interests having a deficit balance. Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are recorded as equity transactions. The carrying amount of non-controlling interests is adjusted to reflect the change in the non-controlling interests' relative interests in the subsidiary and the difference between the adjustment to the carrying amount of non-controlling interest and the Company's share of proceeds received and/or consideration paid is recognized directly in equity and attributed to equity holders of the Company.

Balances, transactions, revenues and expenses between the Company and its subsidiaries are eliminated on consolidation.

Details of the Company's significant subsidiaries which are consolidated are as follows:

Name of subsidiaries	Principal activity	Place of incorporation	Proportion of ownership interest held			Mineral properties
			September 30, 2017	March 31, 2017		
Silvercorp Metals China Inc.	Holding company	Canada	100%	100%		
Silvercorp Metals (China) Inc.	Holding company	China	100%	100%		
0875786 B.C. LTD.	Holding company	Canada	100%	100%		
Fortune Mining Limited	Holding company	BVI (i)	100%	100%	RZY	
Fortune Copper Limited	Holding company	BVI	100%	100%		
Fortune Gold Mining Limited	Holding company	BVI	100%	100%		
Victor Resources Ltd.	Holding company	BVI	100%	100%		
Yangtze Mining Ltd.	Holding company	BVI	100%	100%		
Victor Mining Ltd.	Holding company	BVI	100%	100%		
Yangtze Mining (H.K.) Ltd.	Holding company	Hong Kong	100%	100%		
Fortune Gold Mining (H.K.) Limited	Holding company	Hong Kong	100%	100%		
Wonder Success Limited	Holding company	Hong Kong	100%	100%		
Henan Huawei Mining Co. Ltd. ("Henan Huawei")	Mining	China	80%	80%	HPG, LM (ii)	
Henan Found Mining Co. Ltd. ("Henan Found")	Mining	China	77.5%	77.5%	Ying, TLP (ii)	
Songxian Gold Mining Co., Ltd. ("SX Gold")	Mining	China	77.5%	77.5%	XHP	
Xinshao Yunxiang Mining Co., Ltd. ("Yunxiang")	Mining	China	70%	70%	BYP	
Guangdong Found Mining Co. Ltd. (Guangdong Found")	Mining	China	95%	95%	GC	

(i) British Virgin Island ("BVI")

(ii) Collectively as "Ying Mining District"

### 3. INVESTMENT IN AN ASSOCIATE

New Pacific Metals Corp. ("NUAG") is a Canadian public company listed on the TSX Venture Exchange (symbol: NUAG). NUAG is a related party of the Company by way of two common directors and officers.

As at September 30, 2017, the Company owned 35,830,700 common shares (March 31, 2017 – 10,806,300) of NUAG, representing an ownership interest of 31.8% (March 31, 2017 – 16.1%).



## SILVERCORP METALS INC.

### Notes to Condensed Consolidated Interim Financial Statements as at September 30, 2017 and for three and six months ended September 30, 2017 and 2016

*(Unaudited)(Expressed in thousands of U.S. dollars, unless otherwise stated)*

The Company accounts for its investment in NUAG common shares using the equity method as it is able to exercise significant influence over the financial and operating policies of NUAG. The summary of the investment in NUAG common shares and its market value as at the respective balance sheet dates are as follows:

	Number of shares	Amount	Value of NUAG's common shares per quoted market price
Balance, April 1, 2016	10,806,300	\$ 3,133	\$ 2,333
Share of net income		282	
Share of other comprehensive loss		(12)	
Impairment recovery		5,278	
Foreign exchange impact		(164)	
Balance, March 31, 2017	10,806,300	8,517	8,517
Participate in Private placement	25,000,000	20,000	
Purchase from open market	24,400	25	
Share of net loss		(369)	
Share of other comprehensive loss		(13)	
Foreign exchange impact		1,364	
<b>Balance September 30, 2017</b>	<b>35,830,700</b>	<b>\$ 29,524</b>	<b>\$ 38,759</b>

Subsequent to period end, the Company purchased an additional 444,800 shares of NUAG from the open market for a total of \$478.

#### 4. OTHER INVESTMENTS

	September 30, 2017	March 31, 2017
<b>Equity investments designated as FVTOCI</b>		
Publicly-traded companies	\$ 6,489	\$ 1,207

#### *Investments in publicly-traded companies with no significant influence*

Investments in publicly-traded companies represent equity interests of other publicly-trading mining companies that the Company has acquired through the open market or through private placements. These equity interests are for long-term investment purposes and consist of common shares and warrants. As of September 30, 2017, none of the investments held by the Company represented more than 10% of the respective interest of investees.

## SILVERCORP METALS INC.

### Notes to Condensed Consolidated Interim Financial Statements as at September 30, 2017 and for three and six months ended September 30, 2017 and 2016

*(Unaudited)(Expressed in thousands of U.S. dollars, unless otherwise stated)*

The continuity of such investments is as follow:

	Fair value	Accumulated fair value change included in OCI
April 1, 2016	\$ 287	\$ (6,429)
Change in fair value on equity investments designated as FVTOCI	196	196
Purchase of equity investments	782	-
Impact of foreign currency translation	(58)	-
March 31, 2017	\$ 1,207	\$ (6,233)
Change in fair value on equity investments designated as FVTOCI	521	521
Equity investments received as consideration for disposal of NSR	4,320	-
Impact of foreign currency translation	441	-
<b>September 30, 2017</b>	<b>\$ 6,489</b>	<b>\$ (5,712)</b>

On April 5, 2017, the Company entered into a royalty purchase and sale agreement (the "Agreement") with Maverix Metals Inc. ("Maverix"), a publicly traded (TSX-V: MMX) Canadian precious metals royalty and streaming company, to sell its 2.5% net smelter return ("NSR") on the Silvertip Mine for consideration of up to 6,600,000 of Maverix's common shares payable as follows:

- 3,800,000 common shares of Maverix on closing of the transaction; and
- 2,800,000 common shares of Maverix when the Silvertip Mine achieves (i) commercial production, and (ii) a cumulative throughput of 400,000 tonnes of ore through the processing plant.

On April 19, 2017, the transaction was closed and the Company received a total of 3,800,000 Maverix common shares valued at \$4,320 (CAD\$5.8 million) and recognized a gain of \$4,320 on disposal of the NSR.

# SILVERCORP METALS INC.

## Notes to Condensed Consolidated Interim Financial Statements as at September 30, 2017 and for three and six months ended September 30, 2017 and 2016

(Unaudited)(Expressed in thousands of U.S. dollars, unless otherwise stated)

### 5. PLANT AND EQUIPMENT

Plant and equipment consist of:

Cost	Land use rights and building	Office equipment	Machinery	Motor vehicles	Construction in progress	Total	Presentation as Assets Held for Sale
Balance as at April 1, 2016	\$ 91,162	\$ 6,442	\$ 27,255	\$ 7,103	\$ 9,075	\$ 141,037	\$ -
Additions	1,748	215	850	300	1,656	4,769	-
Disposals	(267)	(323)	(321)	(837)	(3)	(1,751)	-
Reclassification of asset groups <sup>(1)</sup>	7,841	-	318	-	(8,159)	-	-
Impact of foreign currency translation	(6,000)	(370)	(1,750)	(435)	(426)	(8,981)	-
Balance as at March 31, 2017	\$ 94,484	\$ 5,964	\$ 26,352	\$ 6,131	\$ 2,143	\$ 135,074	\$ -
Additions	436	209	513	291	311	1,760	-
Disposals	(148)	(40)	(110)	(321)	-	(619)	-
Reclassification of asset groups <sup>(1)</sup>	(48)	-	4	-	44	-	-
Impact of foreign currency translation	3,413	507	664	187	82	4,853	-
<b>Ending balance as at September 30, 2017</b>	<b>\$ 98,137</b>	<b>\$ 6,640</b>	<b>\$ 27,423</b>	<b>\$ 6,288</b>	<b>\$ 2,580</b>	<b>\$ 141,068</b>	<b>\$ -</b>

#### Impairment, accumulated depreciation and amortization

Balance as at April 1, 2016	\$ (42,658)	\$ (4,693)	\$ (17,177)	\$ (5,407)	\$ (57)	\$ (69,992)	\$ -
Disposals	82	276	187	617	-	1,162	-
Depreciation and amortization	(2,893)	(507)	(1,674)	(480)	-	(5,554)	-
Impact of foreign currency translation	2,763	258	1,144	342	4	4,511	-
Balance as at March 31, 2017	\$ (42,706)	\$ (4,666)	\$ (17,520)	\$ (4,928)	\$ (53)	\$ (69,873)	\$ -
Disposals	37	35	68	284	-	424	-
Depreciation and amortization	(1,553)	(200)	(806)	(189)	-	(2,748)	-
Impact of foreign currency translation	(1,555)	(184)	(643)	(174)	(2)	(2,558)	-
<b>Ending balance as at September 30, 2017</b>	<b>\$ (45,777)</b>	<b>\$ (5,015)</b>	<b>\$ (18,901)</b>	<b>\$ (5,007)</b>	<b>\$ (55)</b>	<b>\$ (74,755)</b>	<b>\$ -</b>

#### Carrying amounts

Balance as at March 31, 2016	\$ 51,778	\$ 1,298	\$ 8,832	\$ 1,203	\$ 2,090	\$ 65,201	\$ -
<b>Ending balance as at September 30, 2017</b>	<b>\$ 52,360</b>	<b>\$ 1,625</b>	<b>\$ 8,522</b>	<b>\$ 1,281</b>	<b>\$ 2,525</b>	<b>\$ 66,313</b>	<b>\$ -</b>

Carrying amounts as at September 30, 2017	Ying Mining District	BYP	GC	Other	Total
Land use rights and building	\$ 35,544	\$ 2,506	\$ 13,221	\$ 1,089	\$ 52,360
Office equipment	1,254	47	160	164	1,625
Machinery	5,501	352	2,669	-	8,522
Motor vehicles	1,195	36	50	-	1,281
Construction in progress	660	1,859	-	6	2,525
<b>Total</b>	<b>\$ 44,154</b>	<b>\$ 4,800</b>	<b>\$ 16,100</b>	<b>\$ 1,259</b>	<b>\$ 66,313</b>

Carrying amounts as at March 31, 2017	Ying Mining District	BYP	GC	Other	Total
Land use rights and building	\$ 35,079	\$ 2,533	\$ 13,087	\$ 1,079	\$ 51,778
Office equipment	1,009	51	160	78	1,298
Machinery	5,817	372	2,643	-	8,832
Motor vehicles	1,138	44	21	-	1,203
Construction in progress	255	1,831	4	-	2,090
<b>Total</b>	<b>\$ 43,298</b>	<b>\$ 4,831</b>	<b>\$ 15,915</b>	<b>\$ 1,157</b>	<b>\$ 65,201</b>

During the three and six months ended September 30, 2017, certain plant and equipment were disposed for proceeds of \$19 and \$19, respectively (three and six months ended September 30, 2016 - \$15 and \$32, respectively) and loss of \$6 and \$176, respectively (three and six months ended September 30, 2016 - gain of \$199 and loss of \$65, respectively).

# SILVERCORP METALS INC.

## Notes to Condensed Consolidated Interim Financial Statements as at September 30, 2017 and for three and six months ended September 30, 2017 and 2016

(Unaudited)(Expressed in thousands of U.S. dollars, unless otherwise stated)

### 6. MINERAL RIGHTS AND PROPERTIES

Mineral rights and properties consist of:

Cost	Producing and development properties			Exploration and evaluation properties			Total
	Ying Mining District	BYP	GC	XHP	RZY		
Balance as at April 1, 2016	\$ 232,127	\$ 64,815	\$ 109,478	\$ 21,257	\$ 179		\$ 427,856
Capitalized expenditures	18,058	-	714	-	-	-	18,772
Mine right fee	1,337	-	-	-	-	-	1,337
Environmental rehabilitation	(1,448)	(101)	(57)	-	-	-	(1,606)
Foreign currency translation impact	(15,227)	(968)	(6,933)	(1,351)	(5)	-	(24,484)
Balance as at March 31, 2017	\$ 234,847	\$ 63,746	\$ 103,202	\$ 19,906	\$ 174		\$ 421,875
Capitalized expenditures	10,185	-	211	36	-	-	10,432
Foreign currency translation impact	8,535	501	3,705	708	12	-	13,461
<b>Ending balance as at September 30, 2017</b>	<b>\$ 253,567</b>	<b>\$ 64,247</b>	<b>\$ 107,118</b>	<b>\$ 20,650</b>	<b>\$ 186</b>		<b>\$ 445,768</b>
<b>Impairment and accumulated depletion</b>							
Balance as at April 1, 2016	\$ (55,524)	\$ (57,386)	\$ (77,609)	\$ (21,257)	\$ -	\$ -	\$ (211,776)
Impairment loss	-	-	-	-	(181)	-	(181)
Depletion	(12,457)	-	(1,869)	-	-	-	(14,326)
Foreign currency translation impact	3,824	495	4,931	1,351	7	-	10,608
Balance as at March 31, 2017	\$ (64,157)	\$ (56,891)	\$ (74,547)	\$ (19,906)	\$ (174)	\$ -	\$ (215,675)
Depletion	(6,260)	-	(944)	-	-	-	(7,204)
Foreign currency translation impact	(2,385)	(258)	(2,701)	(707)	(12)	-	(6,063)
<b>Ending balance as at September 30, 2017</b>	<b>\$ (72,802)</b>	<b>\$ (57,149)</b>	<b>\$ (78,192)</b>	<b>\$ (20,613)</b>	<b>\$ (186)</b>		<b>\$ (228,942)</b>
<b>Carrying amounts</b>							
Balance as at March 31, 2017	\$ 170,690	\$ 6,855	\$ 28,655	\$ -	\$ -	\$ -	\$ 206,200
<b>Ending balance as at September 30, 2017</b>	<b>\$ 180,765</b>	<b>\$ 7,098</b>	<b>\$ 28,926</b>	<b>\$ 37</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 216,826</b>

### 7. SHARE CAPITAL

#### (a) Authorized

Unlimited number of common shares without par value. All shares issued as at September 30, 2017 were fully paid.

# SILVERCORP METALS INC.

## Notes to Condensed Consolidated Interim Financial Statements as at September 30, 2017 and for three and six months ended September 30, 2017 and 2016

(Unaudited)(Expressed in thousands of U.S. dollars, unless otherwise stated)

### (b) Stock options

The Company has a stock option plan which allows for the maximum number of common shares to be reserved for issuance on the exercise of options granted under the stock option plan to be a rolling 10% of the issued and outstanding common shares from time to time. The maximum exercise period may not exceed 10 years from the date of the grant of the options to employees, officers, and consultants. The following is a summary of option transactions:

	Number of shares	Weighted average exercise price per share CAD\$
Balance, April 1, 2016	9,174,025	\$ 2.39
Options granted	1,173,000	3.77
Options exercised	(1,043,280)	1.13
Options forfeited	(847,238)	3.61
Options expired	(777,000)	8.92
Balance, March 31, 2017	7,679,507	\$ 1.97
Options exercised	(304,618)	0.70
Options forfeited	(10,000)	3.63
Options expired	(321,000)	5.87
<b>Balance, September 30, 2017</b>	<b>7,043,889</b>	<b>\$ 1.85</b>

For the three and six months ended September 30, 2017, a total of \$283 and \$686, respectively (three and six months ended September 30, 2016 - \$197 and \$440, respectively) in share-based compensation expense was recognized and included in the general and administrative expenses on the condensed consolidated interim statements of income.

The following table summarizes information about stock options outstanding at September 30, 2017:

Exercise price in CAD\$	Number of options outstanding at September 30 2017	Weighted average		Exercise price in CAD\$	Number of options exercisable at September 30, 2017	Weighted average exercise price in CAD\$
		contractual life (Years)	exercise price in CAD\$			
\$ 0.66	2,825,894	1.25	\$ 0.66	1,893,001	0.66	
\$ 1.43	1,509,757	2.67	\$ 1.43	1,088,507	1.43	
\$ 1.75	378,375	1.66	\$ 1.75	300,188	1.75	
\$ 1.76	247,865	2.04	\$ 1.76	165,118	1.76	
\$ 2.98	132,937	1.31	\$ 2.98	115,001	2.98	
\$ 3.25	168,375	0.67	\$ 3.25	168,375	3.25	
\$ 3.41	266,124	0.95	\$ 3.41	266,124	3.41	
\$ 3.63	990,000	2.30	\$ 3.63	247,500	3.63	
\$ 3.91	167,562	0.43	\$ 3.91	167,562	3.91	
\$ 4.34	143,000	1.97	\$ 4.34	71,500	4.34	
\$ 5.40	184,000	0.18	\$ 5.40	184,000	5.40	
\$ 5.58	30,000	2.40	\$ 5.58	7,500	5.58	
<b>\$ 0.66 - 5.58</b>	<b>7,043,889</b>	<b>1.70</b>	<b>\$ 1.85</b>	<b>4,674,376</b>	<b>\$ 1.78</b>	

# SILVERCORP METALS INC.

## Notes to Condensed Consolidated Interim Financial Statements as at September 30, 2017 and for three and six months ended September 30, 2017 and 2016

(Unaudited)(Expressed in thousands of U.S. dollars, unless otherwise stated)

Subsequent to September 30, 2017, a total of 1,120,000 options with a life of three years were granted to directors, officers and employees at an exercise price of CAD\$3.36 per share subject to a vesting schedule over a two-year term with 25% of the options vesting every six months from the date of grant.

### (c) Cash dividends declared

During the three and six months ended September 30, 2017, dividends of \$nil and \$1,679, respectively (for three and six months ended September 30, 2016 - \$nil and \$nil, respectively) were declared and paid.

## 8. ACCUMULATED OTHER COMPREHENSIVE INCOME

	September 30, 2017	March 31, 2017
Change in fair value on equity investments designated as FVTOCI	\$ (37,365)	\$ (37,886)
Share of other comprehensive loss in associate	(211)	(198)
Currency translation adjustment	(59)	(12,335)
<b>Balance, end of the period</b>	<b>\$ (37,635)</b>	<b>\$ (50,419)</b>

The unrealized loss on equity investments designated as FVTOCI, share of other comprehensive loss in associate and currency translation adjustment are net of tax of \$nil for all periods presented.

## 9. NON-CONTROLLING INTERESTS

The continuity of non-controlling interests is summarized as follows:

	Henan Found	Henan Huawei	Yunxiang	Guangdong Found	SX Gold	Total
Balance, April 1, 2016	\$ 51,596	\$ 4,231	\$ 4,197	\$ (3,082)	\$ (3,921)	\$ 53,021
Share of net income (loss)	11,247	756	(340)	186	(25)	11,824
Share of other comprehensive income (loss)	(2,703)	(141)	(193)	48	48	(2,941)
Distributions	(6,328)	(762)	-	-	-	(7,090)
Balance, March 31, 2017	\$ 53,812	\$ 4,084	\$ 3,664	\$ (2,848)	\$ (3,898)	\$ 54,814
Share of net income (loss)	5,421	651	(169)	180	(49)	6,034
Share of other comprehensive income (loss)	1,655	176	80	(18)	(26)	1,867
<b>Balance, September 30, 2017</b>	<b>\$ 60,888</b>	<b>\$ 4,911</b>	<b>\$ 3,575</b>	<b>\$ (2,686)</b>	<b>\$ (3,973)</b>	<b>\$ 62,715</b>

As at September 30, 2017, non-controlling interests in Henan Found, Henan Huawei, Yunxiang, Guangdong Found and SX Gold were 22.5%, 20%, 30%, 5% and 22.5%, respectively.

Henan Non-ferrous Geology Minerals Ltd. ("Henan Non-ferrous") is the 17.5% equity interest holder of Henan Found. During the three and six months ended September 30, 2017, Henan Found paid dividends of \$nil and \$3,804, respectively that was declared and accrued in the prior year to Henan Non-ferrous (three and six months ended September 30, 2016 – \$1,460 and \$1,460, respectively).

Henan Xinxiangrong Mining Ltd. ("Henan Xinxiangrong") is the 5% equity interest holder of Henan Found. During the three and six months ended September 30, 2017, Henan Found paid dividends of \$nil and \$1,087, respectively that was declared and accrued in the prior year to Henan Xinxiangrong (three and six months ended September 30, 2016 – \$nil and \$nil, respectively).

# SILVERCORP METALS INC.

## Notes to Condensed Consolidated Interim Financial Statements as at September 30, 2017 and for three and six months ended September 30, 2017 and 2016

(Unaudited)(Expressed in thousands of U.S. dollars, unless otherwise stated)

### 10. RELATED PARTY TRANSACTIONS

Related party transactions are made on terms agreed upon by the related parties. The balances with related parties are unsecured, non-interest bearing, and due on demand. Related party transactions not disclosed elsewhere in the condensed consolidated interim financial statements are as follows:

#### (a) Transactions with NUAG

<u>Due from a related party</u>	<u>September 30, 2017</u>		<u>March 31, 2017</u>	
NUAG	\$	59	\$	92

According to a services and administrative costs reallocation agreement between the Company and NUAG, the Company recovers costs for services rendered to NUAG and expenses incurred on behalf of NUAG. During the three and six months ended September 30, 2017, the Company recovered \$140 and \$250, respectively (three and six months ended September 30, 2016 - \$55 and \$93, respectively) from NUAG for services rendered and expenses incurred on behalf of NUAG. The costs recovered from NUAG were recorded as a direct reduction of general and administrative expenses on the condensed consolidated interim statements of income.

#### (b) Transactions with key management personnel

The Company has identified its directors and senior officers as its key management personnel as they have authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. The compensation costs for key management personnel, including the grant date fair value for options granted to key management personnel and fees paid or payable to company controlled by key management personnel, were as follows:

	<u>Three Month ended September 30,</u>		<u>Six Month ended September 30,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Salaries and bonuses	\$ 1,128	\$ 370	\$ 1,532	\$ 737
Share-based compensation	-	134	-	134
	<u>\$ 1,128</u>	<u>\$ 504</u>	<u>\$ 1,532</u>	<u>\$ 871</u>

### 11. GENERAL AND ADMINISTRATIVE

General and administrative expenses consist of:

<u>General and administrative</u>	<u>Three months ended September 30,</u>		<u>Six months ended September 30,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Office and administrative expenses	\$ 1,784	\$ 1,275	\$ 2,992	\$ 2,695
Amortization and depreciation	300	309	580	666
Salaries and benefits	1,947	1,853	4,139	3,472
Share-based compensation	283	197	686	440
Professional fees	159	493	646	1,239
	<u>\$ 4,473</u>	<u>\$ 4,127</u>	<u>\$ 9,043</u>	<u>\$ 8,512</u>

# SILVERCORP METALS INC.

## Notes to Condensed Consolidated Interim Financial Statements as at September 30, 2017 and for three and six months ended September 30, 2017 and 2016

(Unaudited)(Expressed in thousands of U.S. dollars, unless otherwise stated)

### 12. GOVERNMENT FEES AND OTHER TAXES

Government fees and other taxes consist of:

	Three months ended September 30,		Six months ended September 30,	
	2017	2016	2017	2016
Government fees	\$ 19	\$ 122	\$ 274	\$ 1,176
Other taxes	671	609	1,257	1,250
	\$ 690	\$ 731	\$ 1,531	\$ 2,426

Government fees include environmental protection fees paid to the state and local Chinese government. Other taxes were composed of surtax on value-added tax, land usage levy, stamp duty and other miscellaneous levies, duties and taxes imposed by the state and local Chinese government.

### 13. FINANCE ITEMS

Finance items consist of:

Finance income	Three months ended September 30,		Six months ended September 30,	
	2017	2016	2017	2016
Interest income	\$ 650	\$ 537	\$ 1,224	\$ 968

Finance costs	Three months ended September 30,		Six months ended September 30,	
	2017	2016	2017	2016
Interest on mine right fee	\$ -	\$ 108	\$ -	\$ 216
Interest on bank loan	-	49	-	100
Unwinding of discount of environmental rehabilitation provision	112	103	217	208
	\$ 112	\$ 260	\$ 217	\$ 524

### 14. INCOME TAX

The significant components of income tax expense are as follows:

Income tax expense	Three months ended September 30,		Six months ended September 30,	
	2017	2016	2017	2016
Current	\$ 4,516	\$ 4,894	\$ 7,743	\$ 5,606
Deferred	747	1,044	1,541	3,132
	\$ 5,263	\$ 5,938	\$ 9,284	\$ 8,738

### 15. FINANCIAL INSTRUMENTS

The Company manages its exposure to financial risks, including liquidity risk, foreign exchange risk, interest rate risk, credit risk and equity price risk in accordance with its risk management framework. The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and reviews the Company's policies on an ongoing basis.



## SILVERCORP METALS INC.

### Notes to Condensed Consolidated Interim Financial Statements as at September 30, 2017 and for three and six months ended September 30, 2017 and 2016

*(Unaudited)(Expressed in thousands of U.S. dollars, unless otherwise stated)*

#### *(a) Fair value*

The Company classifies its fair value measurements within a fair value hierarchy, which reflects the significance of the inputs used in making the measurements as defined in IFRS 13, Fair Value Measurement ("IFRS 13").

Level 1 – Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets.

Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Unobservable inputs which are supported by little or no market activity.

The following tables set forth the Company's financial assets and liabilities that are measured at fair value level on a recurring basis within the fair value hierarchy at September 30, 2017 and March 31, 2017 that are not otherwise disclosed. As required by IFRS 13, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

<b>Recurring measurements</b>	<b>Fair value as at September 30, 2017</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets</b>				
Cash and cash equivalents	\$ 41,369	\$ -	\$ -	\$ 41,369
Investments in publicly traded companies	6,489	-	-	6,489

<b>Recurring measurements</b>	<b>Fair value as at March 31, 2017</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets</b>				
Cash and cash equivalents	\$ 73,003	\$ -	\$ -	\$ 73,003
Investments in publicly traded companies	1,207	-	-	1,207

Fair value of the other financial instruments excluded from the table above approximates their carrying amount as of September 30, 2017 and March 31, 2017, respectively, due to the short-term nature of these instruments.

There were no transfers into or out of level 3 during the three and six months ended September 30, 2017 and 2016.

#### *(a) Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its short-term business requirements. The Company has in place a planning and budgeting process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis and its expansion plans.

## SILVERCORP METALS INC.

### Notes to Condensed Consolidated Interim Financial Statements as at September 30, 2017 and for three and six months ended September 30, 2017 and 2016

*(Unaudited)(Expressed in thousands of U.S. dollars, unless otherwise stated)*

In the normal course of business, the Company enters into contracts that give rise to commitments for future minimum payments. The following summarizes the remaining contractual maturities of the Company's financial liabilities.

	September 30, 2017			March 31, 2017	
	Within a year	2-3 years	4-5 years	Total	Total
Accounts payable and accrued liabilities	\$ 24,705	\$ -	\$ -	\$ 24,705	\$ 30,374

#### *(b) Foreign exchange risk*

The Company reports its financial statements in US dollars. The functional currency of the head office, Canadian subsidiaries and all intermediate holding companies is CAD and the functional currency of all Chinese subsidiaries is RMB. The Company is exposed to foreign exchange risk when the Company undertakes transactions and holds assets and liabilities in currencies other than its functional currencies.

The Company currently does not engage in foreign exchange currency hedging. The Company's exposure to currency risk affect net income is summarized as follow:

	September 30, 2017		March 31, 2017	
Financial assets denominated in U.S. Dollars	\$	26,202	\$	29,093
Financial assets denominated in Chinese RMB	\$	1	\$	7,115

As at September 30, 2017, with other variables unchanged, a 10% strengthening (weakening) of the CAD against the USD would have decreased (increased) net income by approximately \$2.6 million.

#### *(c) Interest rate risk*

The Company is exposed to interest rate risk on its cash equivalents and short-term investments. As at September 30, 2017, all of its interest-bearing cash equivalents and short-term investments earn interest at market rates that are fixed to maturity or at variable interest rate with terms of less than one year. The Company monitors its exposure to changes in interest rates on cash equivalents and short-term investments. Due to the short-term nature of the financial instruments, fluctuations in interest rates would not have a significant impact on the Company's after-tax net income.

#### *(d) Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk primarily associated to accounts receivable, due from related parties, cash and cash equivalents and short-term investments. The carrying amount of assets included on the balance sheet represents the maximum credit exposure.

The Company undertakes credit evaluations on counterparties as necessary, requests deposits from customers prior to delivery, and has monitoring processes intended to mitigate credit risks. The Company has trade receivables from time to time from its major customers primarily in China engaged in the mining and milling of base and polymetallic metals. The historical level of customer default is zero and aging of trade receivables are no more than 180 days, and, as a result, the credit risk associated with trade receivables from customers as at September 30, 2017 is considered to be immaterial. There were no

## **SILVERCORP METALS INC.**

### **Notes to Condensed Consolidated Interim Financial Statements as at September 30, 2017 and for three and six months ended September 30, 2017 and 2016**

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*(Unaudited)(Expressed in thousands of U.S. dollars, unless otherwise stated)*

amounts in receivables which were past due at September 30, 2017 (at March 31, 2017 - \$nil) for which no provision is recognized.

*(e) Equity price risk*

The Company holds certain marketable securities that will fluctuate in value as a result of trading on Canadian financial markets. As the Company's marketable securities holding are mainly in mining companies, the value will also fluctuate based on commodity prices. Based upon the Company's portfolio at September 30, 2017, a 10% increase (decrease) in the market price of the securities held, ignoring any foreign currency effects would have resulted in an increase (decrease) to comprehensive income of approximately \$0.65 million.

# SILVERCORP METALS INC.

## Notes to Condensed Consolidated Interim Financial Statements as at September 30, 2017 and for three and six months ended September 30, 2017 and 2016

(Unaudited)(Expressed in thousands of U.S. dollars, unless otherwise stated)

### 16. SEGMENTED INFORMATION

The Company's reportable operating segments are components of the Company where separate financial information is available that is evaluated regularly by the Company's Chief Executive Officer who is the Chief Operating Decision Maker ("CODM"). The operational segments are determined based on the Company's management and internal reporting structure. Operating segments are summarized as follows:

Operational Segments	Subsidiaries Included in the Segment	Properties Included in the Segment
<b>Mining</b>		
Henan Luoning	Henan Found and Henan Huawei	Ying Mining District
Hunan	Yunxiang	BYP
Guangdong	Guangdong Found	GC
Other	SX Gold and 0875786 B.C. Ltd.	XHP
<b>Administrative</b>		
Vancouver	Silvercorp Metals Inc. and BVI's holding companies	RZY
Beijing	Silvercorp Metals (China) Inc.	

(a) Segmented information for assets and liabilities are as follows:

Statement of financial position items:	September 30, 2017						
	Mining				Administrative		Total
	Luoning	Hunan	Guangdong	Other	Beijing	Vancouver	
Current assets	\$ 73,752	\$ 1,681	\$ 9,590	\$ 653	\$ 570	\$ 28,283	\$ 114,529
Plant and equipment	44,154	4,800	16,100	4	1,081	174	66,313
Mineral rights and properties	180,765	7,098	28,926	37	-	-	216,826
Investment in an associate	-	-	-	-	-	29,524	29,524
Other investments	-	-	-	5,329	-	1,160	6,489
Reclamation deposits	5,083	-	151	-	-	8	5,242
Long-term prepaids and deposits	448	102	210	147	-	-	907
<b>Total assets</b>	<b>\$ 304,202</b>	<b>\$ 13,681</b>	<b>\$ 54,977</b>	<b>\$ 6,170</b>	<b>\$ 1,651</b>	<b>\$ 59,149</b>	<b>\$ 439,830</b>
Current liabilities	\$ 25,864	\$ 1,569	\$ 5,000	\$ 2,874	\$ 204	\$ 1,374	\$ 36,885
Mine right fee payable	-	-	-	-	-	-	-
Deferred income tax liabilities	29,355	886	-	-	-	-	30,241
Environmental rehabilitation	10,716	967	857	287	-	-	12,827
<b>Total liabilities</b>	<b>\$ 65,935</b>	<b>\$ 3,422</b>	<b>\$ 5,857</b>	<b>\$ 3,161</b>	<b>\$ 204</b>	<b>\$ 1,374</b>	<b>\$ 79,953</b>
March 31, 2017							
Statement of financial position items:	Mining				Administrative		Total
	Luoning	Hunan	Guangdong	Other	Beijing	Vancouver	
Current assets	\$ 64,298	\$ 1,869	\$ 4,796	\$ 523	\$ 823	\$ 38,523	\$ 110,832
Plant and equipment	43,297	4,832	15,915	-	1,081	76	65,201
Mineral rights and properties	170,690	6,855	28,655	-	-	-	206,200
Investment in an associate	-	-	-	-	-	8,517	8,517
Other investments	-	-	-	-	-	1,207	1,207
Reclamation deposits	4,901	-	145	-	-	8	5,054
Long-term prepaids and deposits	432	99	306	122	-	-	959
<b>Total assets</b>	<b>\$ 283,618</b>	<b>\$ 13,655</b>	<b>\$ 49,817</b>	<b>\$ 645</b>	<b>\$ 1,904</b>	<b>\$ 48,331</b>	<b>\$ 397,970</b>
Current liabilities	\$ 29,951	\$ 1,425	\$ 3,860	\$ 2,959	\$ 184	\$ 1,778	\$ 40,157
Mine right fee payable	-	-	-	-	-	-	-
Deferred income tax liabilities	26,846	846	-	-	-	-	27,692
Environmental rehabilitation	10,183	918	813	272	-	-	12,186
<b>Total liabilities</b>	<b>\$ 66,980</b>	<b>\$ 3,189</b>	<b>\$ 4,673</b>	<b>\$ 3,231</b>	<b>\$ 184</b>	<b>\$ 1,778</b>	<b>\$ 80,035</b>

# SILVERCORP METALS INC.

## Notes to Condensed Consolidated Interim Financial Statements as at September 30, 2017 and for three and six months ended September 30, 2017 and 2016

(Unaudited)(Expressed in thousands of U.S. dollars, unless otherwise stated)

(b) Segmented information for operating results are as follows:

Three months ended September 30, 2017								
Statement of operations:	Mining				Administrative		Total	
	Henan Luoning	Hunan <sup>(1)</sup>	Guangdong	Other	Beijing	Vancouver		
Sales	\$ 40,536	\$ -	\$ 7,005	\$ -	\$ -	\$ -	\$ 47,541	
Cost of sales	(17,716)	-	(4,219)	-	-	-	(21,935)	
Gross profit	22,820	-	2,786	-	-	-	25,606	
Operating expenses	(1,828)	(368)	(576)	(142)	(357)	(3,008)	(6,279)	
Finance items	75	(20)	2	(4)	66	419	538	
Income tax (expenses) recovery	(5,269)	7	-	-	(1)	-	(5,263)	
Net income (loss)	\$ 15,798	\$ (381)	\$ 2,212	\$ (146)	\$ (292)	\$ (2,589)	\$ 14,602	
Attributed to:								
Equity holders of the Company	12,298	(267)	2,109	(114)	(292)	(2,589)	11,145	
Non-controlling interests	3,500	(114)	103	(32)	-	-	3,457	
Net income (loss)	\$ 15,798	\$ (381)	\$ 2,212	\$ (146)	\$ (292)	\$ (2,589)	\$ 14,602	

<sup>(1)</sup> Hunan's BVP project was placed on care and maintenance starting August 2014;

Three months ended September 30, 2016								
Statement of operations:	Mining				Administrative		Total	
	Henan Luoning	Hunan	Guangdong	Other	Beijing	Vancouver		
Sales	\$ 39,954	\$ -	\$ 6,344	\$ -	\$ -	\$ -	\$ 46,298	
Cost of sales	(16,420)	-	(4,119)	-	-	-	(20,539)	
Gross profit	23,534	-	2,225	-	-	-	25,759	
Operating expenses	(1,751)	(187)	(524)	(23)	(331)	(1,276)	(4,092)	
Finance items	(3)	(7)	(2)	(2)	66	225	277	
Income tax expenses	(5,386)	(22)	-	-	-	(530)	(5,938)	
Net income (loss)	\$ 16,394	\$ (216)	\$ 1,699	\$ (25)	\$ (265)	\$ (1,581)	\$ 16,006	
Attributed to:								
Equity holders of the Company	12,770	(151)	1,624	(19)	(265)	(1,581)	12,378	
Non-controlling interests	3,624	(65)	75	(6)	-	-	3,628	
Net income (loss)	\$ 16,394	\$ (216)	\$ 1,699	\$ (25)	\$ (265)	\$ (1,581)	\$ 16,006	

# SILVERCORP METALS INC.

## Notes to Condensed Consolidated Interim Financial Statements as at September 30, 2017 and for three and six months ended September 30, 2017 and 2016

(Unaudited)(Expressed in thousands of U.S. dollars, unless otherwise stated)

Six months ended September 30, 2017								
Statement of income:	Mining				Administrative		Total	
	Henan Luoning	Hunan <sup>(1)</sup>	Guangdong	Other	Beijing	Vancouver		
Sales	\$ 72,293	\$ -	\$ 14,945	\$ -	\$ -	\$ -	\$ 87,238	
Cost of sales	(31,838)	-	(9,789)	-	-	-	(41,627)	
Gross profit	40,455	-	5,156	-	-	-	45,611	
Operating (expenses) income	(3,842)	(516)	(1,238)	4,107	(619)	(7,110)	(9,218)	
Finance items, net	63	(39)	(1)	(5)	130	859	1,007	
Income tax expenses	(9,273)	(10)	-	-	(1)	-	(9,284)	
Net income (loss)	\$ 27,403	\$ (565)	\$ 3,917	\$ 4,102	\$ (490)	\$ (6,251)	\$ 28,116	
Attributable to:								
Equity holders of the Company	21,331	(396)	3,737	4,151	(490)	(6,251)	22,082	
Non-controlling interests	6,072	(169)	180	(49)	-	-	6,034	
Net income (loss)	\$ 27,403	\$ (565)	\$ 3,917	\$ 4,102	\$ (490)	\$ (6,251)	\$ 28,116	

<sup>(1)</sup> Hunan's BVP project was placed on care and maintenance in August 2014;

Six months ended September 30, 2016								
Statement of income:	Mining				Administrative		Total	
	Henan Luoning	Hunan	Guangdong	Other	Beijing	Vancouver		
Sales	\$ 70,626	\$ -	\$ 10,943	\$ -	\$ -	\$ -	\$ 81,569	
Cost of sales	(32,134)	-	(7,932)	-	-	-	(40,066)	
Gross profit	38,492	-	3,011	-	-	-	41,503	
Operating expenses	(5,090)	(429)	(1,158)	(58)	(729)	(3,038)	(10,502)	
Impairment loss	-	-	-	-	-	(181)	(181)	
Finance items, net	(85)	(15)	2	(4)	141	405	444	
Income tax (expenses) recovery	(8,279)	72	-	-	(1)	(530)	(8,738)	
Net income (loss)	\$ 25,038	\$ (372)	\$ 1,855	\$ (62)	\$ (589)	\$ (3,344)	\$ 22,526	
Attributable to:								
Equity holders of the Company	19,511	(260)	1,782	(48)	(589)	(3,344)	17,052	
Non-controlling interests	5,527	(112)	73	(14)	-	-	5,474	
Net income (loss)	\$ 25,038	\$ (372)	\$ 1,855	\$ (62)	\$ (589)	\$ (3,344)	\$ 22,526	

## SILVERCORP METALS INC.

### Notes to Condensed Consolidated Interim Financial Statements as at September 30, 2017 and for three and six months ended September 30, 2017 and 2016

(Unaudited)(Expressed in thousands of U.S. dollars, unless otherwise stated)

(c) Sales by metal

The sales generated for the three and six months ended September 30, 2017 and 2016 was all earned in China and is comprised of:

	Three months ended September 30, 2017		
	Henan Luoning	Guangdong	Total
Silver (Ag)	\$ 20,928	\$ 1,668	\$ 22,596
Gold (Au)	857	-	857
Lead (Pb)	16,036	1,769	17,805
Zinc (Zn)	2,528	3,558	6,086
Other	187	10	197
	\$ 40,536	\$ 7,005	\$ 47,541

	Three months ended September 30, 2016		
	Henan Luoning	Guangdong	Total
Silver (Ag)	\$ 24,923	\$ 2,051	\$ 26,974
Gold (Au)	1,087	-	1,087
Lead (Pb)	12,684	1,459	14,143
Zinc (Zn)	1,260	2,833	4,093
Other	-	1	1
	\$ 39,954	\$ 6,344	\$ 46,298

	Six months ended September 30, 2017		
	Henan Luoning	Guangdong	Total
Silver (Ag)	\$ 39,132	\$ 3,647	\$ 42,779
Gold (Au)	1,816	-	1,816
Lead (Pb)	27,683	3,570	31,253
Zinc (Zn)	3,267	7,500	10,767
Other	395	228	623
	\$ 72,293	\$ 14,945	\$ 87,238

	Six months ended September 30, 2016		
	Henan Luoning	Guangdong	Total
Silver (Ag)	\$ 44,289	\$ 3,522	\$ 47,811
Gold (Au)	1,959	-	1,959
Lead (Pb)	22,065	2,571	24,636
Zinc (Zn)	2,313	4,739	7,052
Other	-	111	111
	\$ 70,626	\$ 10,943	\$ 81,569

(d) Major customers

For the six months ended September 30, 2017, three major customers (six months ended September 30, 2016 - three) accounted for 15% to 33%, (six months ended September 30, 2016 - 17% to 35%) and collectively 79% (six months ended September 30, 2016 - 82%) of the total sales of the Company.

# SILVERCORP METALS INC.

## Notes to Condensed Consolidated Interim Financial Statements as at September 30, 2017 and for three and six months ended September 30, 2017 and 2016

*(Unaudited)(Expressed in thousands of U.S. dollars, unless otherwise stated)*

### 17. COMMITMENTS AND CONTINGENCIES

Commitments, not disclosed elsewhere in these financial statements, are as follows:

	Total	Less than 1 year	1-5 years	After 5 years
Operating leases	\$ 3,772	\$ 566	\$ 3,206	-
Commitments	\$ 6,418	\$ -	\$ -	6,418

As of September 30, 2017, the Company has two office rental agreements totaling \$3,772 for the next five years and commitments of \$6,418 related to the GC property. During the three and six months ended September 30, 2017, the Company incurred rental expenses of \$167 and \$325, respectively (three and six months ended September 30, 2016 - \$148 and \$300, respectively), which were included in office and administrative expenses on the condensed consolidated interim statement of income.

Although the Company has taken steps to verify title to properties in which it has an interest, these procedures do not guarantee the Company's title. Property title may be subject to, among other things, unregistered prior agreements or transfers and may be affected by undetected defects.

Due to the size, complexity and nature of the Company's operations, the Company is subject to various claims, legal and tax matters arising in the ordinary course of business. Each of these matters is subject to various uncertainties and it is possible that some of these matters may be resolved unfavorably to the Company. The Company accrues for such items when a liability is both probable and the amount can be reasonably estimated.

In assessing loss contingencies related to legal proceedings that are pending against the Company or unasserted claims that may result in such proceedings, the Company and its legal counsel evaluate the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought. Major legal proceedings against the Company are summarized as follows:

- On August 19, 2014, an action was commenced against the Company in the Supreme Court of British Columbia seeking an unspecified amount of damages for a claim of false imprisonment and defamation (the "Huang Action"). The Company believes that there is no merit to the allegations and intends to pursue a vigorous defence.
- During the year ended March 31, 2016, an action was initiated by Luoyang Mining Group Co., Ltd. ("Luoyang Mining") against Henan Found seeking payment of \$1.6 million (RMB10.0 million) plus interest related to the acquisition agreements Henan Found entered into in August 2012 to acquire the XHP Mine. The \$1.6 million has been included into the accounts payable and accrued liabilities on the condensed consolidated interim statements of financial position of the Company. Henan Found did not make the final payment as certain commercial conditions were not fulfilled by Luoyang Mining. In April 2016, Henan Found filed a counter claim in Luoyang People's Court against Luoyang Mining to have the original acquisition agreements nullified and is seeking repayment of the amount paid to date of \$9.7 million (RMB62.8 million) plus compensation of direct loss of \$2.5 million (RMB16.5 million) arising from XHP mine. A trial was heard in March 2017 but a court decision has not yet been made. The carrying value of XHP mine was impaired to \$nil in fiscal year 2015.



# SILVERCORP METALS INC.

## Notes to Condensed Consolidated Interim Financial Statements as at September 30, 2017 and for three and six months ended September 30, 2017 and 2016

*(Unaudited)(Expressed in thousands of U.S. dollars, unless otherwise stated)*

- During the year ended March 31, 2016, SX Gold, a 100% owned subsidiary of Henan Found, commenced a legal action against Luoyang HA Mining Co. Ltd. (“HA Mining”) to seek payment of \$4.0 million (RMB26.0 million) plus interest related to a share transfer agreement that SX Gold entered into with HA Mining in September 2013. Pursuant to the agreement, SX Gold was to transfer all shares it held in Songxian Zhongxin Mining Co. Ltd. to HA Mining for \$11.8 million (RMB76.0 million). SX Gold fulfilled its responsibilities and the title of the shares was transferred to HA Mining, who paid \$7.8 million (RMB50.0 million). The remaining \$4.0 million (RMB26.0 million) was not paid. In April 2016, HA Mining filed a counter claim for \$2.2 million (RMB14.0 million). On June 17, 2016, the court issued an order in favor of SX Gold. The Luoyang Intermediate People’s Court, Henan, China issued a court order demanding HA Mining to pay \$3.4 million (RMB22.75 million) to SX Gold. On July 1, 2016, HA Mining filed an appeal to the Henan High People’s Court, China. A trial was heard in April 2017 and on June 16, 2017, the Henan High People’s Court, China dismissed HA Mining’s appeal and upheld the rulings made by the Luoyang Intermediate People’s Court, Henan, China. On August 4, 2017, HA Mining submitted an application to the Supreme People’s Court of China to rehear the case. As of September 30, 2017, no decision has been made by the Supreme People’s Court of China. The outstanding receivable amount of \$4.0 million (RMB26.0 million) was written off in prior years.

### 18. SUPPLEMENTARY CASH FLOW INFORMATION

	September 30, 2017		March 31, 2017	
Cash on hand and at bank	\$	31,918	\$	39,243
Bank term deposits and GICs		9,451		33,760
<b>Total cash and cash equivalents</b>	<b>\$</b>	<b>41,369</b>	<b>\$</b>	<b>73,003</b>

Changes in non-cash operating working capital:	Three Months Ended September 30,		Six Months Ended September 30,	
	2017	2016	2017	2016
Trade and other receivables	\$ (4)	\$ 865	\$ 64	\$ 789
Inventories	(30)	(373)	(429)	(479)
Prepays and deposits	(311)	363	(214)	(230)
Accounts payable and accrued liabilities	(1,596)	1,256	(110)	4,788
Deposits received	983	58	1,819	1,951
Due from a related party	(19)	(35)	37	(118)
	<b>\$ (977)</b>	<b>\$ 2,134</b>	<b>\$ 1,167</b>	<b>\$ 6,701</b>