NI 43-101 TECHNICAL REPORT

Resources and Reserves Update

TLP AND LM MINE

YING SILVER-LEAD-ZINC DISTRICT

Henan Province
People's Republic of China
For
Silvercorp Metals Inc.

May 20, 2011

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1.0 SUMMARY

Location, Infrastructure and History

The TLP-LM Mining operation is one of three significant producing underground mining operations of Silvercorp Metals. Inc. ("Silvercorp") in the Ying Silver-Lead-Zinc District of western Henan Province, China. The district, a 100 sq. km. sized area largely controlled by Silvercorp, offers adequate access to nearby service centers, labor, and power. It is also the site of two mills constructed in recent years by Silvercorp to process ore from the several mines. The TLP and LM mine areas, in the southeastern part of the district, are covered by separate, but adjoining, mining permits, together totaling 6.35 sq. km. The two projects were both acquired by Silvercorp in 2007 and the company started producing ore from the mines in 2007. Together these two mine areas account for about one-third of the total mineralization currently defined by Silvercorp in the Ying District (includes SGX, HZG, HPG, HPG(Au), TLP and LM mines).

Geology and Ore Deposit Type

The Ying District lies in a major deformed mountain belt consisting of intensely folded, faulted and mineralized gneiss and greenstone of Precambrian age. Mineralization occurs as numerous polymetallic quartz-carbonate veins that fill fault-fissure zones of varying strikes and dips. The fault-fissure zones extend for hundreds to a few thousand meters along strike, enclosing steeply-dipping narrow tabular or splayed sets of veins that "pinch-and-swell" along strike and to depth. The character, mineralization and alteration and of the vein systems are quite similar to many other deposits found throughout the world which are often referred to as "mesothermal" or "polymetallic" silver-lead-zinc deposits. Important examples include the Coeur d'Alene silver district in northern Idaho, U.S.A., Kokanee Range and Keno Hill, Canada, Harz Mountains and Freiberg, Germany, and Pribram, Czechoslovakia. The mineralization in these deposits is thought to have formed by hydrothermal processes at considerable depth, and for this reason the deposits may have great vertical extents, commonly a few kilometers or more.

Mineralization and Exploration

The TLP and LM mine areas have a myriad of known mineralized veins – 36 total veins at TLP and 46 at LM. Many of these were discovered only recently in the 2010 exploration campaign. The veins are generally similar to those found throughout the district, occurring as sets or systems of veins of similar orientation which are enclosed by steeply-dipping fault-fissure zones that extend for hundreds to a few thousand meters along strike. The veins are narrow, tabular or splayed, with rich mineralization often occurring in pockets or "ore shoots" often having vertical and horizontal extents of several tens of meters or more. The mineralization consists mainly of galena (lead sulfide) with lesser amounts of sphalerite (zinc sulfide), chalcopyrite (copper sulfide) and sparse amounts of other metallic minerals. The metallic minerals occur as disseminations or massive accumulations in a gangue of quartz and carbonate minerals. Silver is present mostly as microscopic inclusions in the galena.

Exploration and delineation of mineralized veins in the TLP and LM vein systems is done primarily from underground workings – tunnels, drifts, crosscuts and declines, typically about 2 x 2 m in size – and by extensive underground long-hole core drilling. Tunneling, typically at levels 20 to 50 m apart in elevation, is done along strike of the veins to define character and tenor of mineralization in the veins. Long core holes are drilled from the underground workings at

50-100 m spacings along strike to delimit extent of the veins at depth. To date, approximately 25,708 m of exploration tunnels together with 568 underground drill holes (130,887 m) and 29 surface drill holes (12,917 m) have been completed in the TLP and LM mine areas.

The collecting and assaying of channel samples across vein exposures in the tunnels – and in splits of drill core intersecting the veins at depth – is one of the primary tasks in exploring and developing the mineralization found in the veins. The sampling methods and assaying procedures used by Silvercorp appear to meet the standards used in the industry for similar underground vein systems that are explored and developed elsewhere in the world.

Mineral Processing

Ore from the HPG veins is transported to Silvercorp's central mills for processing. Silvercorp has two mills in the district, the No. 1 mill (600 tpd, in operation since March 2007) and the No. 2 mill (2,000 tpd, in operation since January 2010). Ore from the TLP-LM mining operations is processed at the No. 1 mill. Head grades of TLP ore sent to the No. 1 mill in 2010 (115,041 tonnes total) averaged 102 g/t Ag and 2.99% Pb with mill recoveries of 87.9% for Ag and 88.5% for Pb. Head grades of LM ore sent to the No. 1 mill in 2010 (46,150 tonnes total) averaged 240 g/t Ag and 1.67% Pb with mill recoveries of 93.2% for Ag and 93.5% for Pb.

Mineral Resource and Reserve Estimates

Estimates of Mineral Resources and Mineral Reserves for Silvercorp's TLP and LM mine projects have been prepared using the standards and categories established by the Canadian Institute of Mining, Metallurgy and Petroleum (CIM). The term "Mineral Resource" covers mineralization of *intrinsic economic interest* which has been identified and estimated through exploration and sampling. The estimation of mineral resources involves greater uncertainty as to their existence and economic viability than the estimation of mineral reserves and it should not be assumed that any or all of mineral resources will be converted into reserves.

The mineralization in the TLP and LM mine areas – and other mines in the Ying District – occurs as relatively narrow tabular veins that pinch-and-swell along fault-fissure structures. A polygonal block model using detailed longitudinal and cross-sections constructed for each vein is used to estimate the mineral resources present in each vein. The resource blocks are defined and constrained using a set of 12 stringent parameters for calculating the dimensions, grades, densities and other items necessary to categorize the resources and provide reasonable estimations of tonnage and grade for each block. The methods and parameters used are considered acceptable and applicable for the pocket-like mineralization found in narrow vein systems of this type.

The resource tables categorize the currently defined estimated mineral resources in Silvercorp's various mine areas as "measured," "indicated," and "inferred." Mineral resources in the "measured" and "indicated" mineral resource categories have much higher levels of confidence than the "inferred" category, which is separately reported. The estimation of inferred resources involves far greater uncertainty as to their existence and economic viability than the estimation of other categories of resources. It should not be assumed that inferred mineral resources exist or will be upgraded into the higher resource categories.

It is important to note that the estimated "measured" and "indicated" mineral resources tabled in this report are *inclusive* of mineral reserves, which are reported separately in this report.

Additionally, "silver-equivalency" (Ag-equiv) values are reported in the resource and reserve tables in addition to actual metal values. Because these are polymetallic veins containing several potentially payable metals, Silvercorp uses silver-equivalencies to designate resource cutoff grades and as a way to quickly compare the tenor and magnitude of mineralization in the veins. The "Ag-equiv" values reported in the tables are calculated using assumed metal prices and known metal recoveries as detailed in Chapter 17 of this report.

TLP & LM MINE AREAS
Measured & Indicated Mineral Resource Estimates
Inclusive of Mineral Reserves
(as of December 31, 2010)

Mine Area	Wtd. Horiz. Width (m)	Tonnes (t)	Ag (g/t)	Ag (oz/t)	Pb (%)	Zn (%)	Cu (%)	Au (g/t)	Ag-eq (g/t)	Contained Metal Resource Ag(t)	Ag(oz)	Pb(t)	Zn(t)	Cu(t)	Au(kg)	Ag-equiv (oz)
MEASURED MINERAL RESOURCES ≥ 150 G/T AG-EQUIV.																
TLP	0.90	395,855	170	5.46	4.72	0.25	0.07	0	323	67.19	2,160,163	18,703	979	36	24	4,110,392
LME	0.57	60,011	458	14.7	2.47	0.36			523	27.5	883,507	1,481	217			1,008,471
LMW	0.66	83,246	457	14.7	3.24	0.34			552	38.1	1,223,634	2,698	285	-	-	1,477,489
total		**539,111**	**246**	**7.2**	**4.24**	**0.27**			**381**	**132.7**	**4,267,304**	**22,882**	**1,481**	**36**	**24**	**6,596,352**
INDICATED MINERAL RESOURCES ≥ 150 G/T AG-EQUIV.																
TLP	1.01	1,636,896	227	7.3	4.13	0.32	0.13	0.14	351	67.2	11,952,925	67,558	5,271	212	225	18,495,239
LME	0.80	334,050	475	15.3	2.97	0.65			558	158.7	5,103,007	9,934	2,163			5,997,085
LMW	1.01	305,825	382	12.3	3.61	0.37			496	116.9	3,756,839	11,047	1,128	-	-	4,881,465
total		**2,276,771**	**151**	**4.4**	**3.89**	**0.38**			**401**	**342.8**	**20,812,771**	**88,540**	**8,561**	**212**	**225**	**29,373,790**
MEASURED+INDICATED MINERAL RESOURCES ≥ 150 G/T AG-EQUIV.																
TLP	0.99	2,032,751	216	6.9	4.24	0.31	0.12	0.12	346	67.2	14,113,088	86,261	6,250	240	250	22,605,632
LME	0.77	394,060	587	18.9	3.64	0.77			689	231.4	7,439,978	14,334	3,032			8,724,838
LMW	0.93	389,071	398	12.8	3.53	0.36			508	154.9	4,980,474	13,745	1,413	-	-	6,358,954
total		**2,815,882**	**161**	**4.7**	**4.06**	**0.38**			**416**	**453.5**	**26,533,540**	**114,341**	**10,694**	**240**	**250**	**37,689,423**

TLP&LM MINE AREAS
Inferred Mineral Resource Estimates
(as of December 31, 2010)

Mine Area	Wtd. Horiz. Width (m)	Tonnes (t)	Ag (g/t)	Ag (oz/t)	Pb (%)	Zn (%)	Cu (%)	Au (g/t)	Ag-eq (g/t)	Contained Metal Resource Ag(t)	Ag(oz)	Pb(t)	Zn(t)	Cu(t)	Au(kg)	Ag-equiv (oz)
INFERRED MINERAL RESOURCES ≥ 150 G/T AG-EQUIV.																
TLP	0.95	2,564,172	144	4.6	2.82	0.21	0.08	0.08	230	67.2	12,033,702	70,892	5,553	195	217	18,968,704
LME	0.62	132,505	454	14.6	2.91	0.60			536	60.1	1,932,105	3,856	789			2,282,474
LMW	1.09	117,535	302	9.7	3.29	0.27			409	35.5	1,140,504	3,869	323	-	-	1,546,307
total		**2,814,212**	**58**	**1.7**	**2.79**	**0.24**			**252**	**162.8**	**15,106,312**	**78,617**	**6,665**	**195**	**217**	**22,797,485**

Reserve Estimates

According to the CIM definitions and guidelines, Mineral Reserves are those parts of Mineral Resources that can be mined economically after considering all relevant mining, processing, metallurgical, economic, marketing, legal, environment, socio-economic and government factors (described in detail in Chapter 17 of this report). Based on these guidelines – and more than 4 years of mining history in the Ying District – Silvercorp has converted Measured and Indicated Mineral Resources in the TLP and LM mine areas to Proven and Probable Reserves.

TLP and LMMINES
Mineral Reserve Estimates
(as of December 31, 2010**)**

(Mining Dilution and mining loss Included)

	Mine Area	Tonnes (t)	Au (g/t)	weighted avg. grade[1] Ag (g/t)	Pb (%)	Zn (%)	Cu (%)	Ag-equiv (g/t) [1]	Au (oz)	In Situ Metal Reserve [2] Ag (oz)	Pb (t)	Zn (t)	Cu (t)	Ag-equiv (oz) [2]
Proven	TLP	364,599		126	3.96			257		1,476,987	14,438			3,015,409
	LM	131,462		393	2.48			448		1,661,053	3,260			1,892,742
	Total	**496,061**		**197**	**3.57**			**308**		**3,138,040**	**17,698**			**4,908,151**
Probable	TLP	1,585,315		161	3.61			275		8,206,013	57,230			14,004,899
	LM	798,413		312	2.46			375		8,008,901	19,641			9,615,456
	Total	**2,383,728**		**212**	**3.22**			**308**		**16,214,914**	**76,871**			**23,620,355**
Proven+Probable	TLP	1,949,914		154	3.68			271		9,683,000	71,668			17,020,307
	LM	929,875		323	2.46			385		9,669,954	22,901			11,508,199
	Total	**2,879,789**		**209**	**3.28**			**308**		**19,352,954**	**94,569**			**28,528,506**

Note: [1] Ag-equiv grades and [2] contained metal quantities consider the actual metallurgical metal recoveries

Mineral Development and Production

The TLP and LM mines are located in narrow valleys, allowing the mineralized veins to be easily accessed by horizontal adits developed on the hill slopes. The ground conditions at the mine sites are good – the host rocks are competent, require minimal ground support, and have no major groundwater flows. Ore is hauled from the mine sites by 30-tonne trucks to Silvercorp's central milling complex via 20 km of paved roads. The mines currently operate with 130 staff and 597 contract miners and drillers.

The mines use a combination of adits, blind declines and blind shafts to access mineralization. At TLP, various levels of adits from the surface and tunnels at depth, spaced 20 to 50 m apart, provide access to the veins over a vertical range of almost 300 m. The LM operation is divided into two adjacent mining camps (LMW and LME), both developed in similar fashion to TLP. Underground mining methods consist of short-hole shrinkage stoping and resuing stoping. The short-hole shrinkage stope method is employed worldwide as one of the most successful methods for narrow veins. At the TLP and LM mines, it has been possible to achieve 90-95% mining recovery of in-situ resources by this method. The resuing stope method is used for very narrow veins, typically those less than 0.4 m in width, and this method has also been successful in recovering 93-97% of the in-situ resources. Current operational costs (mining, sustaining capital, milling, shipping, G&A) are US$ 54.43/tonne for the TLP Mine and US$ 58.14 for the LM Mine.

Mining plans at Silvercorp's various operations in the Ying District are developed taking into account vein characteristics, ore reserves, mining conditions, and the timeline for preparing mine stopes. The TLP and LM mines are constructing major development projects, including blind shafts and blind declines, that will result in ore production rising over the next two to three years. The production target is 220,000 tpy for TLP and 110,000 tpy for LM. Current proven and probable reserves, using the 147.5 g/t Ag-equiv. mining cutoff grade with 92-95% mining recovery and 25-30% dilution, are sufficient for 10-year mine lives at these planned production rates.

To achieve this 10-year plan will require capital expenditures of about US $15.5 million for the TLP Mine and US $17.1 million for the LM Mine. Assuming the total production costs and mill recoveries noted previously for each of the mine areas, Silvercorp's share of net cash flows from the combined TLP and LM mine operations (77.5% at TLP, 80% at LM) will be US$ 152 million, with payback periods of just under 3 years.

Conclusions and Recommendations

Each of Silvercorp's producing mine areas in the Ying District, including the TLP and LM areas, have defined Ag-Pb-Zn resources and reserves that are currently large enough to support profitable operations for a decade or more. None of the mine areas, however, have as yet been fully explored or delimited, especially to the depths typical of many similar Ag-Pb-Zn mesothermal vein districts elsewhere in the world. Each mine area in the Ying District has a large number of already identified veins that have not been explored in detail, and exploration to date has been quite successful in discovering many new veins that have not been explored at all. There are also a number of promising outlying intermediate stage exploration target areas, any of which could well become future additional "fast-track" mining developments.

Silvercorp will continue to invest substantial capital on the operating mines with the object being to extend the mine life by upgrading inferred mineral resources to indicated and measured and adding new resources by extending the known vein systems along strike and to depth. To accomplish this objective, an underground drilling program of 71,000 m costing US$ 3.3 million is proposed for the TLP and LM mine areas.

2.0 INTRODUCTION

During January 2011, Silvercorp Metals Inc. ("Silvercorp") commissioned BK Exploration Associates (Mel Klohn and Chris Broili), to provide an independent review and NI 43-101 Technical Report update on the Ying District of western Henan Province, China (Figure 2-1). Because the project now consists of three significant, but separate, producing operations (Figure 4-1), it was decided to treat each producing area in a separate Technical Report unlike the previous Technical Report which collectively discussed all three areas in a single large report (Broili, Klohn, and Ni, 2010). This report focuses on the TLP and LM mine areas, which together comprise the second largest of the three producing operations in the Ying District.

The purpose of this report is to provide not only an exploration and mineral resource update of the TLP-LM areas, but also to offer an update of reserves and mining plans. For this reason Mr. Wenchang Ni, a mining engineer employed by Silvercorp, was engaged to serve as a co-author responsible for preparing all or portions of the chapters relevant to reporting mining reserves, operations and plans. All three co-authors – Mr. Klohn, Mr. Broili, and Mr. Ni – are Qualified Persons as defined in Canadian National Instrument 43-101. Additionally, Mr. Klohn and Mr. Broili are both Independent Qualified Persons with no direct interest in Silvercorp, its associated companies, or its projects. The consulting fees paid to Mr. Klohn and Mr. Broili for this Technical Report are standard industry fees for work of this nature and not dependent in whole or in part on any prior or future engagement or understanding resulting from the conclusions of this report.

This Technical Report is prepared in compliance with Form 43-101F and is based on information known and current as of January 01, 2011. Silvercorp is a publicly traded resource company (TSX:SVM and NYSE:SVM) engaged in the production, exploration and development of base and precious metal projects in the Henan Province of central China and exploration in other parts of China. The authors understand that Silvercorp will use this Technical Report for purposes of compliance with NI 43-101 reporting requirements.

The information reviewed for this Technical Report consists of voluminous geological, sampling, drilling and mining data collected by Silvercorp, together with other information previously reviewed and cited in a series of earlier NI 43-101 Technical Reports prepared on the district. Key documents for purposes of this current report are cited at appropriate places in the report and listed in the References chapter at the end of the report. Additionally, Mr. Klohn and Mr. Broili, the independent authors of this report, have together authored or co-authored seven previous 43-101 Technical Reports on Silvercorp's projects in the Ying District and thereby have made numerous trips to the district and gained considerable experience in the region. Information from the authors' personal notes and experience have been incorporated into the descriptions regarding regional history, general geology and deposit types.

Mr. Ni was resident at the Ying Project for most of 2010 and also for much of the early months in 2011. During these periods, Mr. Ni spent much of his time at the project sites reviewing and auditing project data in considerable detail, becoming familiar with all of Silvercorp's underground and surface operations in the district. Subsequently, Mr. Klohn and Mr. Broili spent considerable time reviewing and auditing the project information prepared on-site by Mr. Ni and also information provided by Silvercorp's mine geologists. A final data review was carried out by Mr. Klohn from April 15-24, 2011, at Silvercorp's office in Vancouver, BC, Canada.

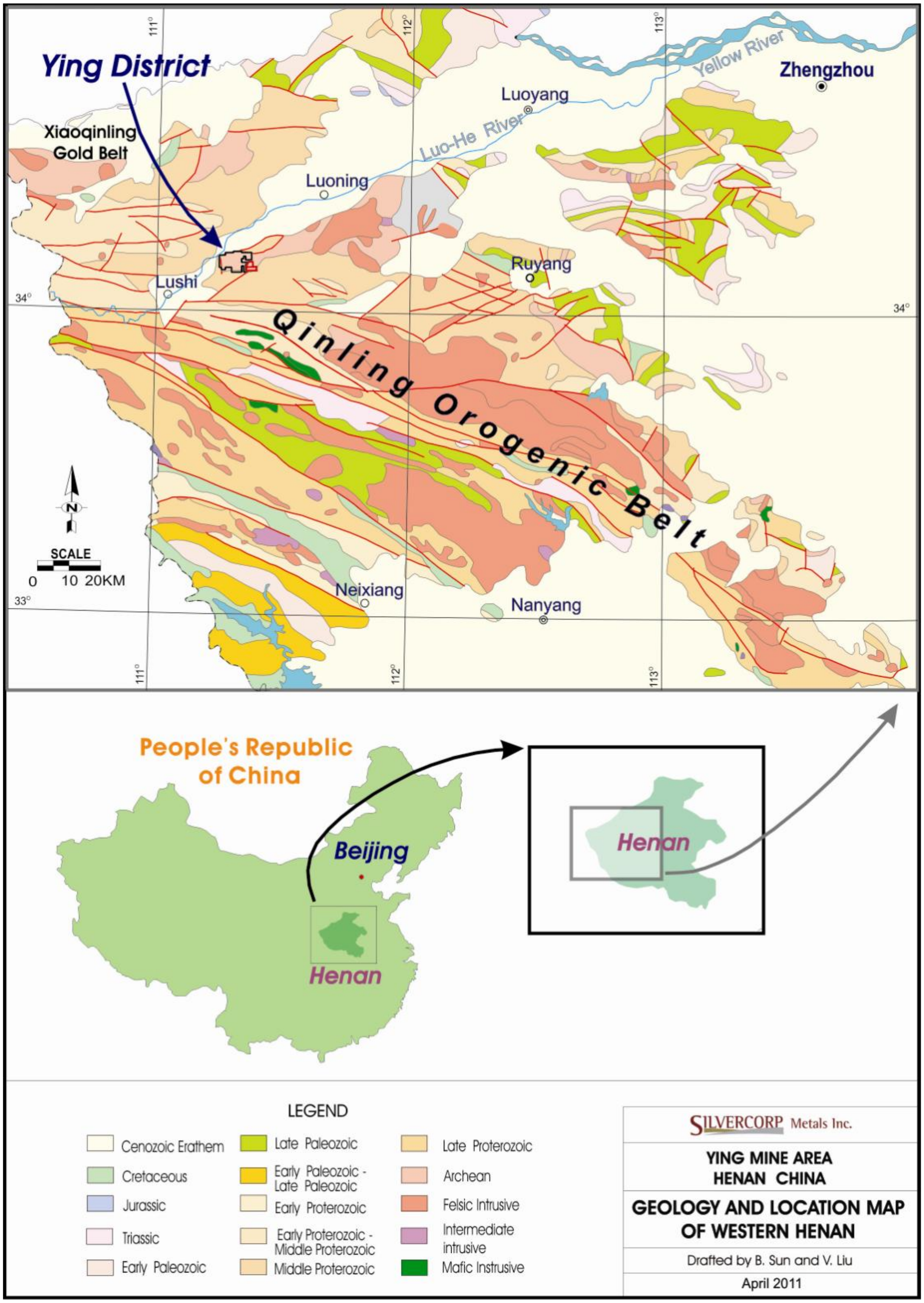

Figure 2-1: Geology of Western Henan Province and Location of Ying District

All measurement units in this report are metric, with the exception of total contained metals which in addition to metric units are often also reported as total troy ounces of equivalent-silver ("Ag-equiv" or "Ag-eq") and precious metals grades (or equivalencies) which may also be reported in troy ounces per short ton ("oz/t"). The conversions are as follows:

1 troy ounce ("oz") = 31.1035 grams ("g")
1 troy ounce/short ton ("oz/t") = 34.286 grams/metric tonne ("g/t")

Monetary units are expressed in U.S. dollars (US$) unless stated otherwise. The currency used in China is the Yuan (CNY) with the exchange rate as of March 1, 2011, being approximately US$1.00 equal to CNY6.57.

3.0 RELIANCE ON OTHER EXPERTS

The authors of this report are Qualified Persons for those areas as identified in the Certificates of Qualified Person attached to this report. In preparing this report, the authors relied heavily on various geological maps, reports and other technical information, mostly unpublished proprietary information collected on-site and provided to the authors by Silvercorp.

Much of the original information is in Chinese, with translations from Chinese to English of key and relevant technical documents provided by Silvercorp. For this current report, most of the technical information was translated by Jin Zhang, an experienced bilingual geologist employed by Silvercorp, although legends and annotations on many of the maps and sections were translated by Bei Sun, a bilingual draftsperson employed by Silvercorp. We occasionally checked a few key parts of the translations using non-technical persons and an online translation application offered by Google. From our experience on this report and the many previous reports we have done for Silvercorp, we believe the translations provided to us are credible and generally reliable, but we cannot attest to their absolute accuracy.

Overall, the technical information we reviewed is very well-documented, comprehensive and of good technical quality. It clearly was gathered, prepared and compiled by various competent technical persons, but not necessarily Qualified Persons as currently defined by NI 43-101. In recent years, the voluminous information collected by Silvercorp has been carefully monitored and supervised by Mr. Myles Gao, President of Silvercorp, an experienced hands-on geologist who is a Qualified Person as defined by NI 43-101.

Because we are not experts in land, legal, environmental and related matters, we have relied (and believe there is a reasonable basis for this reliance) on various other individuals who contributed the information regarding legal, land tenure, corporate structure, permitting, land tenure and environmental issues discussed in this report. Specifically, Myles Gao, President of Silvercorp and a Qualified Person as defined by NI 43-101, contributed the information in Chapter 4 of this report. Likewise, information regarding the environmental status of the property, particularly the mining permit, was contributed by Silvercorp.

4.0 PROPERTY DESCRIPTION AND LOCATION

The Ying District is in western Henan Province near the town of Luoning in central China (Figure 2-1). Silvercorp uses the term "Ying District" to describe a 100 sq. km size rectangular area bounded by latitude 34°07'N to 34°12'N and longitude 111°14'E to 111°23'E. Within this district block, Silvercorp has three principal operations comprised of five mining projects: (1) the SGX area, consisting of the Shagouxi (SGX) and Houzhanggou (HZG) mines in the western part of the block; (2) the HPGarea consisting of the Haopinggou (HPG) mine, also in the western part of the block, and (3) the TLP/LM area consisting of the Tieluping (TLP) and Longmeng (LM) mines in the eastern part of the block (Figure 4-1).

The TLP and LM projects are covered by exploration and mining permits totaling 6.37 sq. km, as listed in the following table::

Permit type	Permit No.	Expiration Date	Sq. km
TLP PROJECT			
Mining	C4100002009103220041332	October, 2019	3.28
LM PROJECT			
Mining	C4100002009014120010157	January, 2012	3.07
		Mining Permit total	6.35
		Total	**6.35**

NOTE: The above table and notes were prepared by Mr. Myles J. Gao, P.Geo., President and Chief Operating Officer of Silvercorp, a Qualified Person as defined in NI 43-101.

The existing exploration and mining permits cover all the active exploration and mining areas discussed in this Technical Report. Permits can be renewed by submitting an application together with required technical documents. The exploration permits give the right to carry out all contemplated exploration activities with no additional permitting required. The mining permits give the right to carry out full mining and mineral processing operations in conjunction with safety and environmental certificates. The safety certificates for Silvercorp's mining activities were issued by the Department of Safety, Production and Inspection of Henan Province. Environmental certificates were issued by the Department of Environmental Protection of Henan Province.

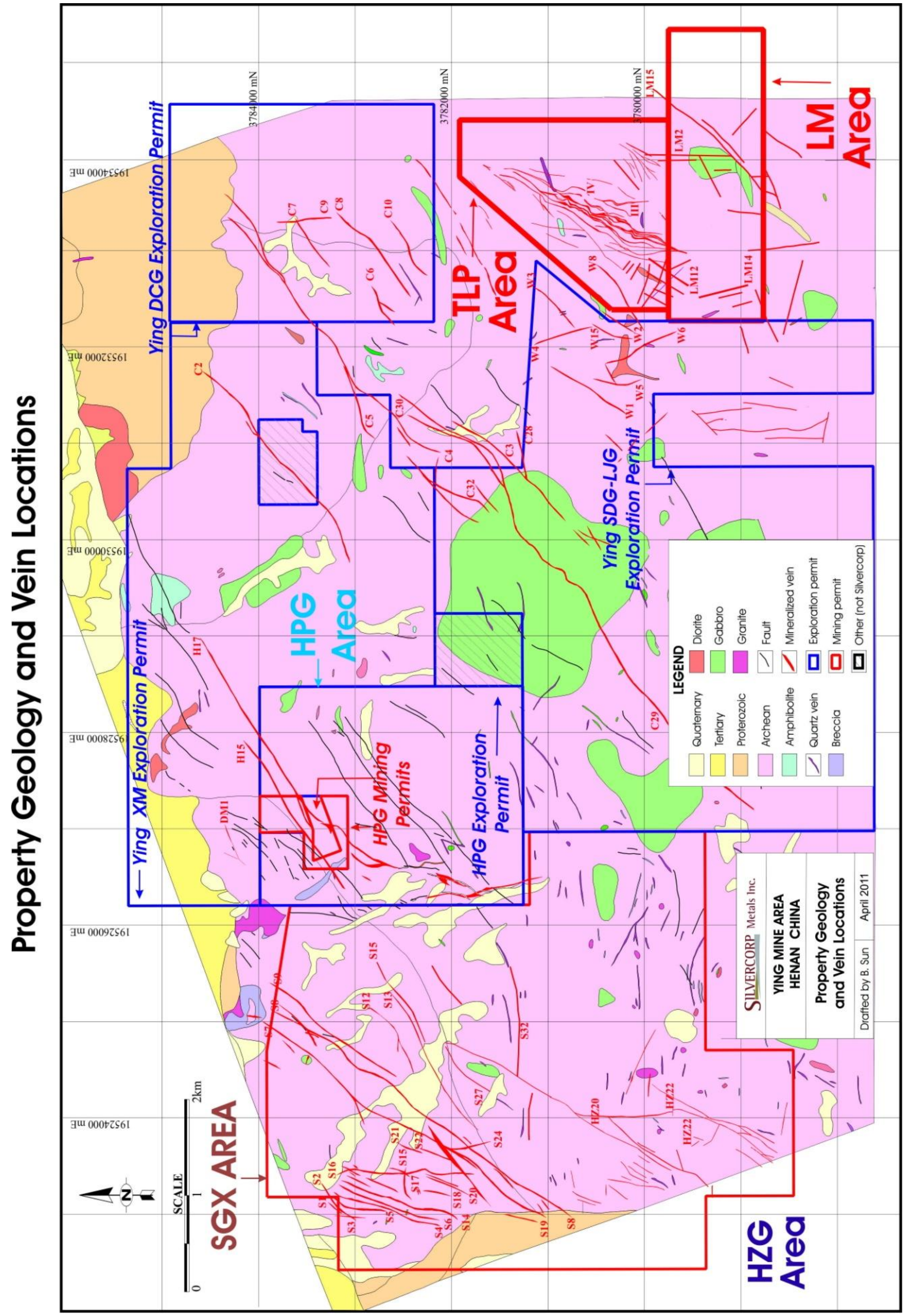

Figure 4-1: Ying Exploration, Mining Permits and Mineralized Vein Systems

Surface rights for mining purposes are not included in the permits but can be acquired by payment of a purchase fee based on the appraised value of the land. Subject to negotiation, some land use compensation fees may also be due to the local farmers if their agricultural land is disturbed by exploratory work.

There are no known or recognized environmental problems that might preclude or inhibit a mining operation in this area. Some major land purchases may be required in the future for mine infrastructure purposes (processing plant, waste disposal, office and accommodations).

Silvercorp’s TLP and LM projects are subject to existing JV agreements as follows:

TLP Project

A co-operative joint venture contract dated April 15, 2004 was consummated between Victor Mining Ltd. (“Victor”), the wholly owned British Virgin Islands subsidiary of Silvercorp Metals Inc., and Henan Non-Ferrous Geological & Mineral Resources Co. Ltd. (“HNGMR”). Pursuant to the joint venture contract, a Chinese cooperative joint venture company, Henan Found Mining Ltd. (“Found”), was established to hold 100% of the Ying Project. Victor consummated the obligation and now owns 77.5% interest in Found.

The TLP property was purchased in 2007 by Found for $20 million and funded by Found’s cash on hand. The TLP mining permit controlled by Found totals 3.28 sq. km.

LM and HPG Projects

A co-operative joint venture contract dated March 31, 2006 was consummated between Victor Resources Ltd., the wholly owned British Virgin Islands subsidiary of Silvercorp, and Luoning Huatai Mining Development Co., Ltd. (“Huatai”). Pursuant to the joint venture contract, a Chinese co-operative joint venture company, Henan Huawei Mining Co. Ltd. (“Huawei”), was established to hold 60% of the HPG Project. In 2007, Silvercorp signed an agreement to purchase an additional 20% interest of Huawei from its JV partner, Huatai, in which 10% interest will be held in trust for a shareholder of Huatai. Total consideration for the 20% interest is C$1.98 million with Silvercorp's share of C$0.99 million paid in full. Silvercorp is now entitled to 70% interest in Huawei.

Henan Huawei purchased the LM property in 2007 at an approximate cost of $3.25 million and funded by Henan Huawei’s cash on hand. The mining permits controlled by Huawei at the LM project cover 3.07 sq. km..

Exploration and Mining Rights

China, which is the most populous country – and the second largest economy – in the world, has a strong national policy encouraging foreign investment. It ranks as one of the world’s leading jurisdictions for mining investment owing to an advanced infrastructure, a large pool of skilled technical and professional personnel and, most importantly, to having an established Mining Code which clearly defines the mining rights guaranteed by the government of China.

China has a 17% Value Added Tax (VAT) on sales of concentrates and on articles such as materials and supplies. The 17% VAT paid on materials purchased for mining is returned to the company as an incentive to mine in China. There is no VAT on labor or services. A 2% resources tax is payable by companies as a royalty to the government.

For foreign invested companies such as Silvercorp, income tax is zero for the first two years, then 12.5% for years three to five, and 25% thereafter. Starting in 2010, Henan Found entered its fifth year of operation, and as such enjoys a 12.5% income tax rate on profit until the end of 2011 at which time the rate doubles to 25% for the life of the mine.

According to China's mining law, mining companies are required to pay 2% resource tax or government royalty. Other taxes such as Business, City Construction, and school taxes are exempted for foreign invested companies.

5.0 ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY

The Ying District is 240 km west-southwest of Zhengzhou (population 7.0 million), the capital city of Henan Province, and 80 km west of Luoyang (population 1.4 million), which is the nearest major city (Figure 2-1). Zhengzhou, the largest industrial city in the region, offers full service facilities and daily air flights to Beijing, capital of China, and other major population centers such as Shanghai and Hong Kong. The nearest small city to the project area is Luoning (population >80,000), about 56 km by paved roads from Silvercorp's Ying mill site which is located centrally to the projects. The mill site is about 15 km by paved road from the Guxian Reservoir. The main exploration-development camp, Shagouxi (SGX), is accessed via a 10-minute ferry ride across the Reservoir (Figure 5-1).

The district lies within rugged, deeply dissected mountainous terrain of the Funiu Mountain Range. Elevations range from 300to 1200m above sea level. Hill slopes are steep, commonly exceeding 25°, with bedrock best exposed on these steep hillsides. Almost all of the district's significant discoveries of surface mineralization, together with the important geochemical and geophysical anomalies, were made on the hillsides.

The area has a continental sub-tropical climate with four distinct seasons. Temperature changes are dependent on elevation, with an annual range of -10℃ to 38℃ and annual average of 15℃. The annual precipitation averages 900 mm, occurring mostly in the July to September rainy season and supplemented by snow and frost occurring from November to March.

The area is sparsely vegetated, consisting mostly of bushes, shrubs, ferns and small trees. At higher elevations the vegetation is denser and the trees are larger. The local economy is based on agriculture (wheat, corn, tobacco, medicinal herbs) and mining. Agriculture is confined to the bottoms of the larger stream valleys and to the many terraced hillsides.

There are major power grids adjacent to the properties, including a power line extending to the SGX Area. Adjacent to the Ying District is a hydropower generating station at the dam that forms the Guxian Reservoir (Figure 5-1). This reservoir is on the Luo River, a tributary to the Yellow River. Sufficient manpower is available to serve most exploration or mining operations.

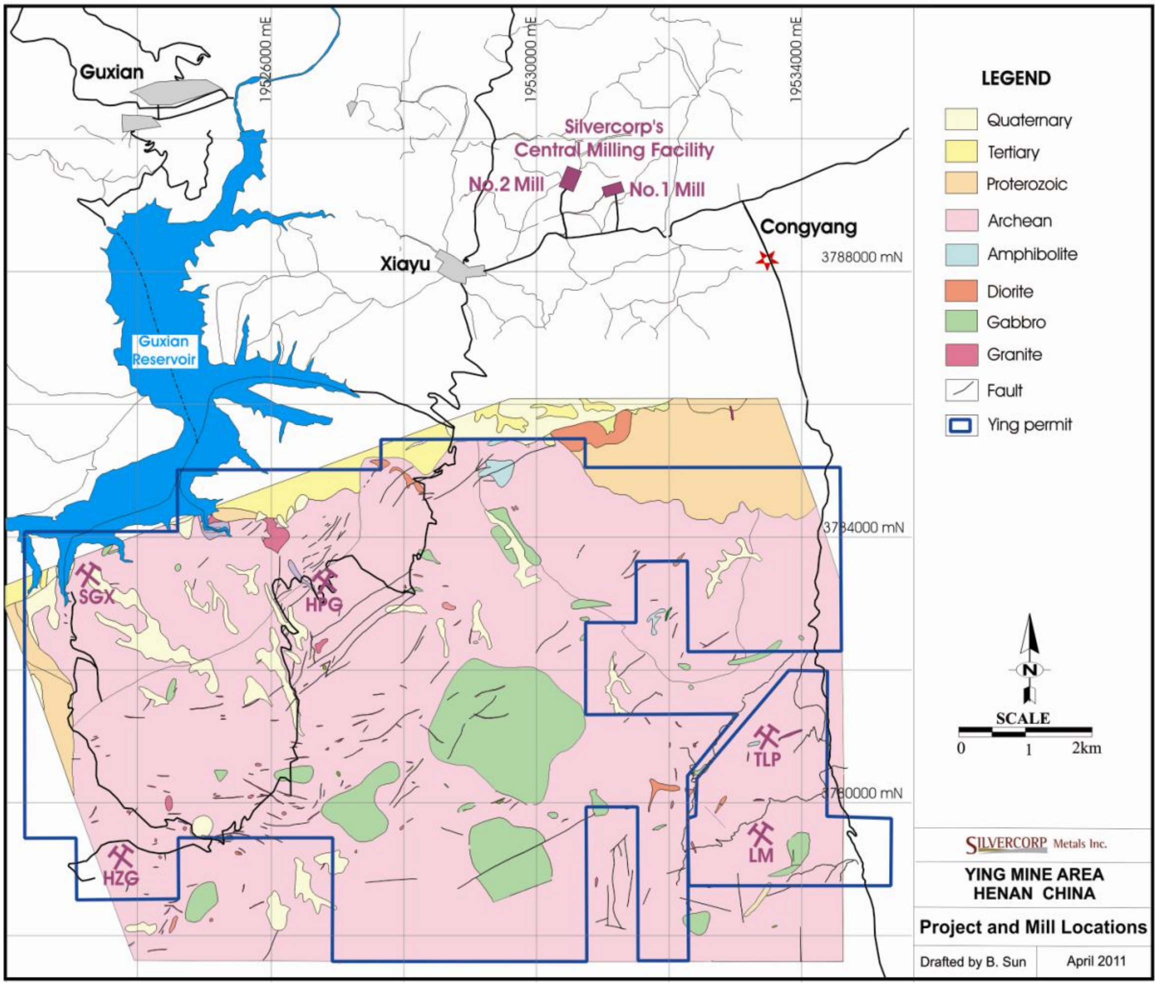

Figure 5-1: TLP & LM Project and Mill Locations

6.0 HISTORY

Silver-lead-zinc mineralization in the Ying District has been known and intermittently mined for the last several hundred years. The first systematic geological prospecting and exploration was initiated in 1956 by the Chinese government. Detailed summaries of the district's historical activities from 1956 to 2004, when Silvercorp first acquired interests in the area, are described in seven previous NI 43-101 technical reports prepared for Silvercorp (Broili, 2004; Broili, 2005; Broili et al., 2006, 2008; Broili and Klohn, 2007; Xu et al., 2006; Broili, Klohn and Ni, 2010) available on www.sedar.com. For that reason, historical highlights are only briefly summarized in this current History chapter.

Silvercorp began its interest in the Ying District with the acquisition of the SGX Mine in 2004 and subsequently consolidated the entire district by acquiring the HZG, HPG, and LM mines, all of which were held and operated by Chinese companies. Work carried out since 2004 consists of a series of exploration campaigns, driving declines, undercut drifts, raises and ventilation raises, sinking shafts, enlarging and extending tunnels, underground and surface drilling, sampling, and metallurgical work, all leading to the definition and expansion of resources and ultimately to defining and mining reserves. Silvercorp began producing and shipping ore from the mine in 2007 and has since constructed two mills in the district to process the mined ore into shippable concentrates.

6.1TLP MINE PROJECT

In 1998, a mining permit was issued for the TLP area to Tieluping Silver and Lead Mine of Luoning County. The mine produced 450 tonnes/day of ore using shrinkage stoping methods. Ore was shipped to five small mills lead concentrates produced by conventional flotation methods. The government closed the mine in December 2006 due to health, safety and environment concerns. The operation is thought to have produced about 1.55 million tonnes of ore, although actual production and grades are unknown. Silvercorp acquired the TLP project from the owners in late 2007.

6.2 LM MINE PROJECT

In 2002, a mining permit was issued for the LM area to Luoning Xinda Mineral Products Trade Co. Ltd. which allowed Xinda to mine 30,000 tonnes of silver-lead ore using shrinkage stoping methods. Ore was mined mainly from the 990 to 838 m levels and shipped to a local custom mill for processing by conventional flotation. Reported production for the operation is 120,206 tonnes of ore averaging 257.06 g/t Ag and 7.04 % Pb. Silvercorp acquired the LM project from the owners in late 2007

6.3 PRIOR RESOURCES

Silvercorp's underground exploration efforts on the four principal mine areas in the district has significantly increased and upgraded defined mineral resources. The most recent resource data prior to this current report were reported in a February, 2010, NI 43-101 Technical Report (Broili, Klohn and Ni, 2010). The 2009 resources for the SGX and satellite HZG areas were as follows:

2009 Resource Estimates for the TLP/LM Mine

	Resource Type	Resource (Tonnes)	*In Situ Contained Metal Resource*			Grades	
			Ag (oz)	**Pb (t)**	**Ag EQ (oz)**	**Ag (g/t)**	**Pb (%)**
TLP mine	Measured	418,260	2,237,120	18,336	3,869,227	166	4.4
	Indicated	1,564,172	10,839,890	70,206	16,725,309	216	4.5
	Inferred	2,827,622	12,295,419	83,575	19,399,018	135	3.0
LM mine	Measured	95,253	1,053,957	2,512	1,234,204	344	2.6
	Indicated	231,781	2,868,024	9,670	3,704,531	385	4.2
	Inferred	84,677	721,590	2,075	888,327	265	2.5

****Notes:*** The preceding resource estimates are from the February, 2010, NI43-101 Report. "Ag-equiv" is based on metal prices of Ag US$6.50/oz, Pb US$0.40/lb, Zn US$0.45/lb and is reported without consideration of metallurgical factors or recoveries. For a complete discussion of reporting parameters used in the earlier and current resource tables please refer to Chapter 17 of this current Technical Report.

7.0 GEOLOGICAL SETTING

7.1 REGIONAL GEOLOGY

The Ying District occurs in the 300 km-long WNW-trending Qinling orogenic belt, a major structural belt formed by the collision of two large continental tectonic plates in Paleozoic time (Figure 2-1). The northern continental plate – the North China Plate – covers all of Henan Province, the southern plate – the Yangtze Plate – covers the south half of Hubei Province (Henan's southern neighbor). Rocks along the orogenic belt are severely folded and faulted, offering optimal structural conditions for the emplacement of a myriad of mineral deposits. Several operating silver-lead-zinc mines, including those in the Ying District, occur along this belt.

The Qinling orogenic belt is comprised largely of Proterozoic- to Paleozoic-age rock sequences consisting of mafic to felsic volcanic rocks with variable amounts of interbedded clastic and carbonate sedimentary rocks. The rocks are weakly metamorphosed to lower greenschist facies, with local areas of strongly metamorphosed lower amphibolite facies. The basement of the belt is comprised of highly metamorphosed Archean-age rocks of the North China plate, dominantly felsic to mafic gneisses with minor amphibolites, intrusive gabbros and diabases. The Qinling belt sequence and the underlying Archean basement rocks are intruded by mafic to felsic dikes and stocks of Proterozoic and Mesozoic ages. They are overlain by non-metamorphosed sedimentary rock sequences of Mesozoic- to Cenozoic-age, primarily marls and carbonaceous argillites, which are in turn are overlain locally by sandstone-conglomerate sequences.

The dominant structures in the Qinling orogenic belt are WNW-trending folds and faults generated during the collision of the two major tectonic plates in Paleozoic time. The faults consist of numerous thrusts having a component of oblique movement with sets of conjugate shear structures trending either northwest or northeast. These conjugate shear zones, which display features of brittle fracturing such as fault gouge, brecciation and well-defined slickensides, are associated with all the important mineralization recognized along the 300 km-long orogenic belt. At least three important north-northeast trending mineralized fault zones are identified in the Ying District: 1) the Heigou-Luan-Weimosi, deep-seated fault zone, 2) the Waxuezi-Qiaoduan fault zone, and 3) the Zhuyangguan-Xiaguan fault zone.

7.2 LOCAL GEOLOGY

The Archean basement that underlies the district consists primarily of highly metamorphosed mafic to felsic gneisses derived from mafic to felsic volcanic and sedimentary rock units (Figure 4-2). The lowest part of the basement sequence is a 1-kilometre thick mafic gneiss with local gabbroic dikes and sills that trend NNE and dip 30^{o} to 60^{o}SE. This sequence is overlain by a much thicker sequence of thin-bedded quartz-feldspathic gneiss, which is bounded on the north and west by Proterozoic-age andesitic greenstones along a very high-angle (>70°) "detachment" fault-shear zone. The greenstones have been folded and dip steeply toward the northeast and southwest. The basement gneisses are commonly tightly-folded with boudins abundant near the mafic gneiss-feldspathic gneiss contact. Small granite porphyry stocks of Proterozoic to Paleozoic age locally intrude the gneisses.

All of these lithologies are extensively cut by high-angle, mostly west-dipping conjugate faults. These faults trend generally northeast, varying from mostly N-S to NNE-SSW on the west side of the district, to NE-SW with occasional N-S on the east side of the district. The faults are commonly near-vertical, with steep dips in either direction, and they are occasionally filled with swarms of younger andesitic to basaltic diabase dikes. Repeated movement on the faults has offered the openings which host all of the district's important silver-lead-zinc veins.

8.0 DEPOSIT TYPES

The deposits of importance in the Ying District are variously classified as "mesothermal silver-lead-zinc veins" (Lindgren , 1933), "Cordilleran vein type deposits" (Guilbert and Park, 1986), "silver-lead-zinc veins in clastic metasedimentary terranes" (Beaudoin and Sangster, 1992), or "polymetallic Ag-Pb-Zn±Au veins" (Lefebure and Church, 1996). For this report, the term "mesothermal" will be used to denote the district's silver-lead-zinc veins systems.

Mesothermal vein systems typically occur in mid-crustal metamorphic rocks associated with major crustal structures in orogenic belts of almost any age. Mineralization is associated with major deep-seated shear zones that cut the metamorphic rocks and is thought to have formed by hydrothermal processes in a temperature range of 200 to 300^{o} C at considerable depth (from 600 m to 4000 m or more). For this reason, the deposits may have great vertical extents, commonly a few kilometers or more.

Classic deposits of this type include the Coeur d'Alene silver district in northern Idaho, U.S.A., one of the largest silver-lead-zinc districts in the world (Park and MacDiarmid, 1970). Other examples include the Kokanee Range and Keno Hill, Canada; the Harz Mountains and Freiberg, Germany; and Pr ƀram, Czechoslovakia (Beaudoin and Sangster, 1992).

Common characteristics of these mesothermal silver-lead-zinc vein systems are as follows:

- Occur in almost any type of host rock, but typically in thick sequences of metamorphosed clastic sedimentary rocks or intermediate to felsic volcanic rocks (Lefebure and Church, 1996).
- Usually occur in areas of strong structural deformation in brittle and brecciated rock units with mineralization in altered country rock parallel to anticlinal axes and faults (Park and MacDiarmid, 1970; Sorenson, 1951; McKinstry and Svendsen, 1942).
- Often spatially or genetically proximal to igneous rocks, but not to intrusions related to porphyry-copper mineralization (Beaudoin and Sangster, 1992). Many veins are associated with dikes that follow the same structures (Lefebure and Church, 1996).
- Exhibit strong structural control, generally occurring as steeply-dipping, narrow, tabular or splayed fissure veins, commonly as sets of parallel and offset veins. Individual veins range in width from centimeters up to more than 3 m, and are generally continuous for a few hundred meters to more than 1,000 m along strike and to depth. Widths can be up to 10 m or more in stockwork zones (Lefebure and Church, 1996).
- Veins often display crustiform textures (mineral banding) (Bateman, 1951), locally with open space drusy quartz, cockade and/or colloform textures. Sulfides are confined to the veins and occur as granular masses, coarse-grained patches and/or disseminations.
- Wall rock alteration is typically limited in extent – usually only a few to several meters – and consists of sericite, quartz, siderite, ankerite, pyrite and K-feldspar within or proximate to the veins, and chlorite, clay and calcite more distal to the veins.
- Common ore minerals are galena (PbS), sphalerite (ZnS) and tetrahedrite $(Cu,Fe)_{12}Sb_4S_{13}$ with lesser amounts of chalcopyrite ($CuFeS_2$), pyrargyrite (Ag_3SbS_3), and other sulfosalts. Small amounts of acanthite (Ag_2S) and native silver may occur, but most silver in the veins is present as inclusions in galena or tetrahedrite (silver-

bearing tetrahedrite is also known as freibergite). Copper and gold may increase at depth. Common gangue minerals are quartz, pyrite (FeS_2), and carbonate – usually siderite ($FeCO_3$) or ankerite [Ca (Fe, Mg, Mn) $(CO_3)_2$] with distal calcite (Park and MacDiarmid, 1970; Lefebure and Church, 1996).

- In some cases mineral zones are formed by multiple hydrothermal events or by a telescoped single event, rather than zoning about a single point (Beaudoin and Sangster, 1992).
- Individual vein systems range from several hundred to several million tonnes grading from 5 to 1,500 g/t Ag, 0.5 to 20.0% Pb and 0.5 to 8.0% Zn, with exceptional veins being even richer. The larger vein systems are attractive targets because of their high grades and relatively easy metallurgical recovery (Lefebure and Church, 1996).

9.0 MINERALIZATION AND ALTERATION

The Ying District contains a myriad of mesothermal silver-lead-zinc-rich quartz-carbonate veins in steeply-dipping fault-fissure zones which cut Precambrian gneiss and greenstone. To date, significant mineralization has been defined or developed in at least 131discrete vein structures, and many other smaller veins have been found but are not yet well explored.

Structurally, the vein systems throughout the district are all somewhat similar in that they occur assets of veins of generally similar orientation enclosed by fault-fissure zones which trend most commonly NE-SW, less commonly N-S, and rarely NW-SE. The structures extend for hundreds to a few thousand meters along strike. They are often filled by altered andesite or diabase dikes together with quartz-carbonate veins or discerned as discrete zones of altered bedrock (mainly gneiss) associated with local selvages of quartz-carbonate veinlets. From one-third to one-half of the structures exposed at the surface are conspicuously mineralized as well as altered.

The vein systems consist of narrow, tabular or splayed veins, often occurring as sets of parallel and offset veins. The veins thin and thicken abruptly along the structures in classic "pinch-and-swell" fashion with widths varying from a few centimeters up to a few meters. The "swells" occur in structural dilatant zones along the veins and are often sites of rich pockets of mineralization known as "ore shoots." At the SGX mine, these shoots range from 30 m to more than 60 m in vertical and horizontal dimensions over true vein widths of 0.4 m to 3.0 m. The vertical dimension of the SGX shoots is commonly twice or more the horizontal dimension. Longitudinal sections constructed along the veins indicate that many of the shoots have a steep, non-vertical rake.

The vein systems of the various mine areas in the district are also generally similar in mineralogy, with slight differences between some of the separate mine areas and between the different vein systems within each area. These differences have been attributed to district-scale mineral zonation at different levels of exposure. This subtle zonation is thought to be perhaps analogous to the broad-scale zonation patterns observed in the Coeur d'Alene District (U.S.A.) and characteristic of many other significant mesothermal silver-lead-zinc camps in the world (Broili et al., 2008, Broili et al., 2010).

Veins of the TLP and LM Mine Areas

About one-third of the currently defined vein mineralization in the Ying District occurs in veins of TLP and LM mine areas. Together these projects have a myriad of known mineralized veins, 36 total at TLP and 46 at LM. Extensive underground sampling at various levels along or across these veins indicates that a significant amount of the vein-filling material is strongly mineralized, often averaging about 30% galena (lead sulfide), 1% chalcopyrite (copper sulfide) and 1% sphalerite (zinc sulfide) over narrow widths of 0.2 to 1.0 m. Other metallic minerals present in much smaller amounts include pyrite, hematite and very sparse amounts of acanthite (silver sulfide).

The veins at TLP all dip westward while those at LM dip steeply both east and west. Previous mining and stoping along the I and II veins at TLP indicate that the mineralization plunges shallowly to the north within structural zones extending hundreds of meters to a thousand meters or more along strike. The mineralization occurs as massive accumulations or disseminations in the veins. Much of the galena occurs in massive tabular lenses consisting of coarse crystalline aggregates to fine granular "steel galena." The galena often occurs as massive tabular lenses comprised of coarsely crystalline aggregates or fine-grained granular “steel galena” bodies, which can be up to 1.0 m thick and 100 m or more in vertical and horizontal dimensions.

Most of the silver in the TLP-LM veins is present as microscopic inclusions in the galena. It appears that Ag:Pb ratios are distinctly different between veins of the northern TLP area (“North Zone”) and the southern TLP and LM area (“South Zone”). Based upon 15 verification samples collected ina previous Technical Report (Broili, et.al., 2008), veins in the “South Zone” appear to have much higher zinc contents and higher Ag:Pb ratios (90 to 130 grams silver for each percent lead) than veins from the “North Zone” (5 to 15 grams silver for each percent lead), as well as proportionally less gold. It is thought this difference is the result of zonation or reflects differences in the level of exposure.

Gangue in the TLP–LM vein systems is mostly fine-grained silica with zones of quartz-carbonate minerals and occasional inclusions of altered wall-rock. The carbonate is dominantly ankerite (calcium-iron-magnesium carbonate), in contrast to siderite (iron carbonate), which is the most common carbonate gangue mineral in many mesothermal silver-lead-zinc districts. In the Coeur d’Alene district, siderite is closely associated with the sulfide ore, ankerite occurs farther away, and calcite is present only as a distal carbonate gangue mineral.

The veins occur in relatively permeable fault-fissure zones and are extensively oxidized from the surface to depths of about 80 m. Within this zone, the veins show many open spaces with conspicuous box-work lattice textures resulting from the leaching and oxidation of sulfide minerals. Secondary minerals present in varying amounts in this zone include cerussite, malachite and limonite. Beneath this oxide zone, sulfide minerals are mixed with secondary oxide minerals in the vein, with sulfides becoming increasingly abundant downward to about 150 m depth, beyond which fresh sulfides are present with little or no oxidation.

Wall rock alteration consists of a myriad of quartz veinlets accompanied by sericite, chlorite, silicification and ankerite on fractures. The vein systems appear to have better continuity and increasing mineralization at depth, and many veins exposed in the underground workings are often significantly richer in silver-lead-zinc than the same veins exposed at the surface. This suggests that the mineralization is either leached from the surface outcroppings or more likely becomes richer at depth due to primary mineral zoning (Broili, et. al., 2006).

The TLP system also contains some epithermal veins and veinlets. These veins contain abundant large vugs lined with carbonate and they either crosscut or follow some of the mesothermal filled structures.

10.0 EXPLORATION

Silvercorp initiated exploration-development activities in the TLP-LM mine areas in December 2007. Surface exploration in the area has proved difficult because of the high topographic relief and lack of good or accessible outcrops and very little surface exploration is now being done. The prospects are now being explored primarily from underground workings – tunnels, drifts, crosscuts and declines, typically about 2x2 m in size – and by extensive underground long-hole drilling. This underground exploration has proven to be quite effective and efficient due to the pinch-and-swell character of the mineralization and inexpensive labor costs.

The following section primarily discusses vein-by-vein exploration activities and results carried out during the past year (2010). Exploration activities, methods and results from earlier years have been summarized in detail in the earlier technical reports prepared for the Ying District projects (Broili et al., 2008; Broili and Klohn, 2007; Broili et al. 2010). Statistics of the drilling and tunneling activities are summarized in a following chapter (Chapter 11, Drilling and Tunneling) of this report.

10.1 TLP AREA – PRINCIPAL VEINS

The TLP area on the eastern margin of the district is currently the second most abundantly mineralized mine area in the Ying District. It has several large, elongate, evenly close-spaced en-echelon veins, mostly trending NNE-SSW and commonly connecting to each other on the southern and northern end of the vein system. In addition there are two small clusters of more widely spaced veins located in the southeastern and southwestern corner of the TLP area. The southeastern area, known as Guodaogou, has veins trending mostly NE-SW. The southwestern area, known as north Xigou, has fewer veins and they trend mostly either NE-SW or NW-SE. The mineralization consists mostly of silver and lead with minor zinc.

Drilling, underground tunneling, and tunnel expansion in the TLP area has defined current mineralization in 36 discrete veins grouped into 19 separate vein systems (Figure 10-1). Veins in the four largest veins systems (II, III, IV and I, listed in terms of presently defined resources; q.v. Chapter 17) account for almost three-fourths (73.5 percent) of this mineralization, with the II and III veins each carrying more than one-fourth of the total (29.4 and 27.7 percent, respectively) (Figure 10-2, 10-3).

II (or T-2) vein–The II vein, one of the two central veins in the TLP en echelon system, is historically one of the two most extensively mined veins in the area (the other being III) and currently accounts for almost one-third (29%) of the defined mineralization in the TLP area. The vein extends northeast along strike for more than 2 km, dips steeply west, has a weighted true average width of 3.15 m, and is exposed on all working levels. Mineralization occurs as irregular lenses and veins consisting primarily of silver-bearing galena with red hematite occurring at shallower depths. The vein is characterized by pinch-and-swell (boudinage) structure with local “swells” up to 19.2 m in width. The mineralization defined on the 960-1070 m levels on the south, 890-730 m levels in the middle, and 850-730 m levels on the north indicates that the mineralized zone strikes NNE-SSW, dips 50-80 °W and plunges 20 °NE (Figure 10-4).

Significant results of the 2010 tunneling program include discovery of several new mineralized bodies plus extensions of existing mineralization. The new discoveries include:

- A 81.3 m long zone on the 700 m level with weighted average true width of 0.60m and weighted average grades of 221.85g/t Ag, 3.69% Pb, 0.41% Zn, 0.04g/t Au, 0.29% Cu.

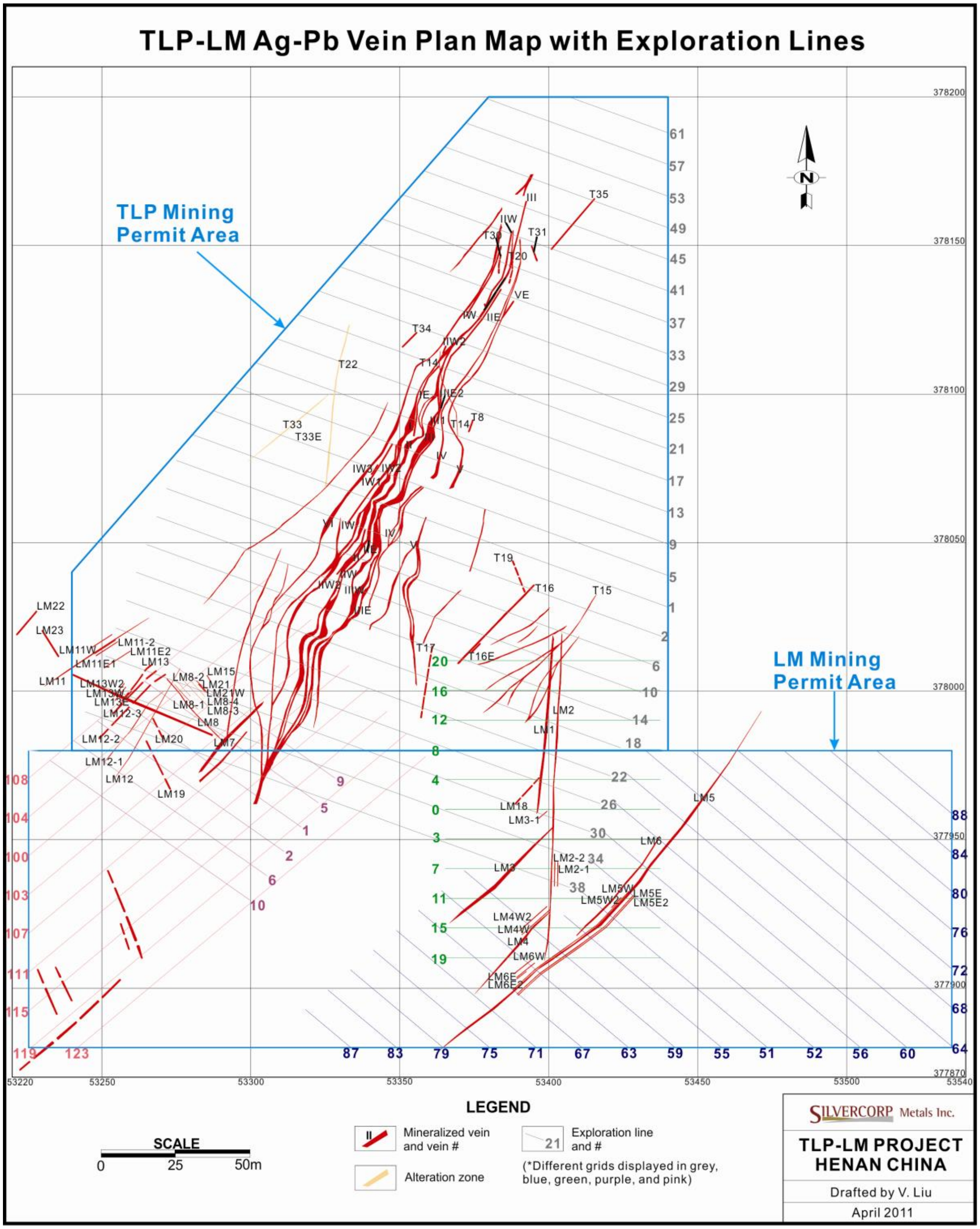

Figure 10-1: Tunnels and Veins at TLP-LM Area

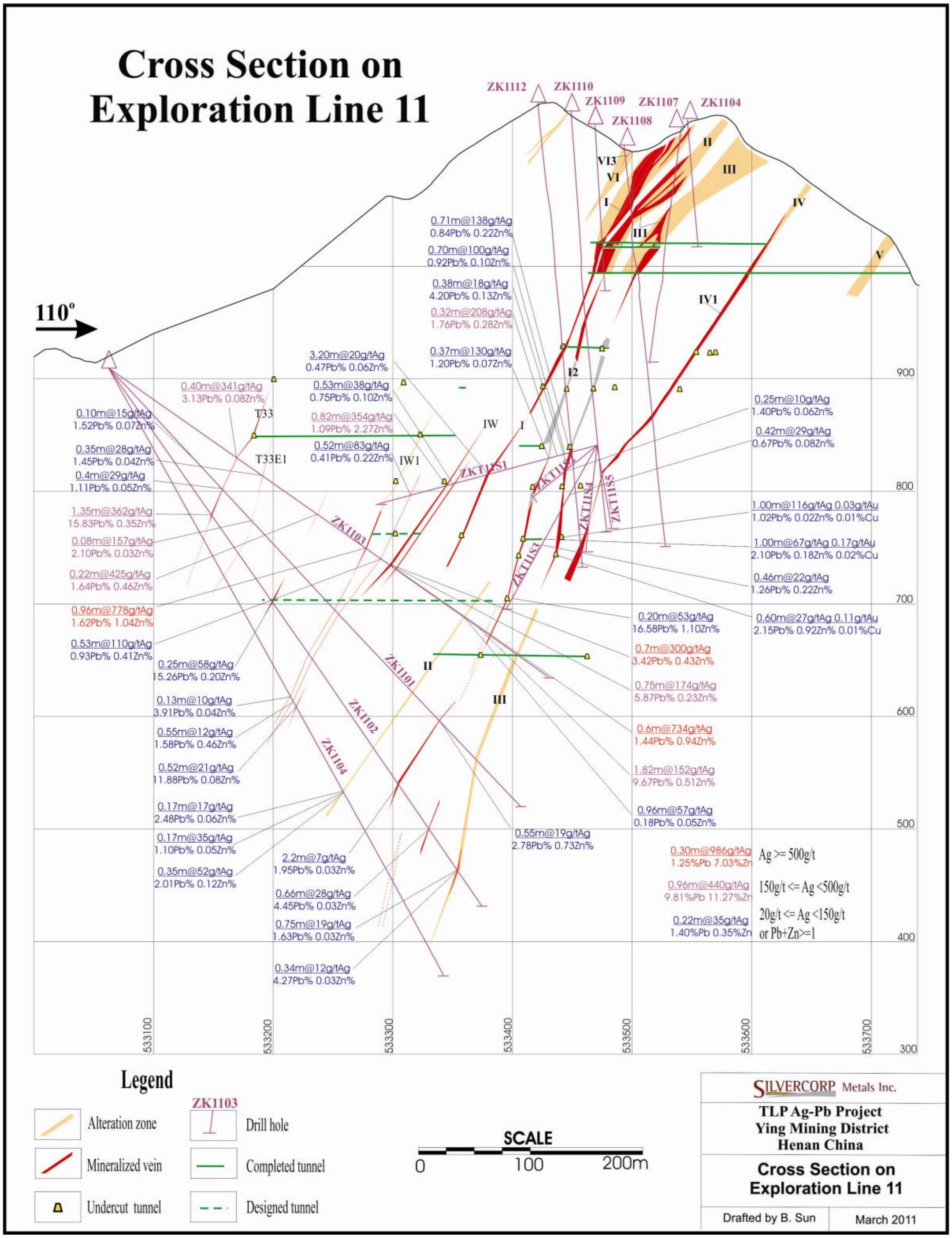

Figure 10-2: TLP Cross Section on Line 11

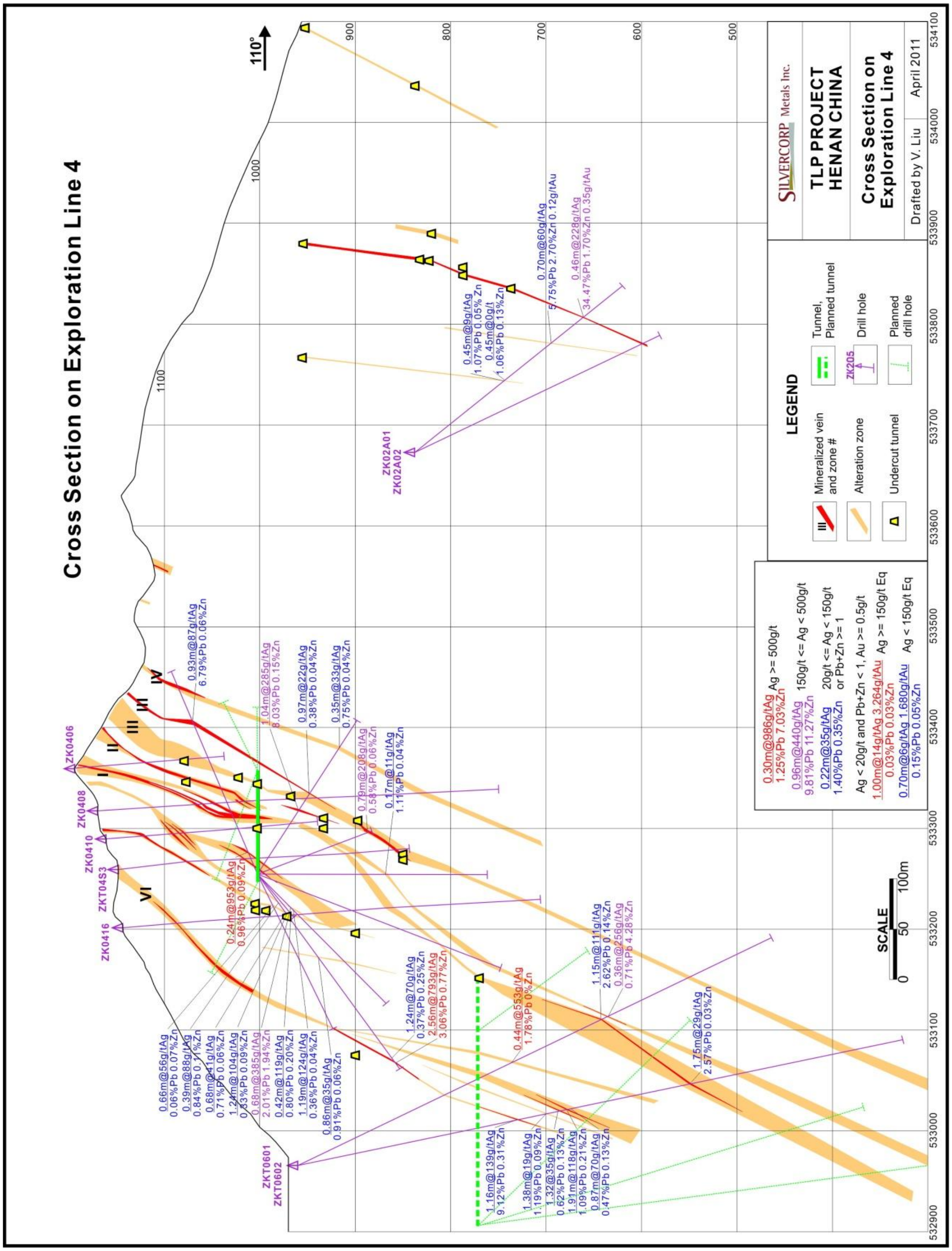

Figure 10-3: TLP Cross Section on Line 4

- A 63 m long zone on the 699 m level with weighted average true width of 1.22 m and weighted average grades of 64.51g/t Ag, 7.60％Pb, and 0.16％ Zn.
- A 28.3 m long zone on the 770 m level with weighted average true width of 1.6 m and weighted average grades of 302g/t Ag, 3.52%Pb, and0.61% Zn.
-

In 2010, Silvercorp drilled 104 holes (assays not available for 16 of these) through the II vein, of which 17 were significantly mineralized, as follows:

2010 drill hole intersections in the II Vein

Drill Hole	From (m)	To (m)	Horizontal width (m)	True width (m)	Ag (g/t)	Pb (%)	Zn (%)	Au (g/t)	Cu (%)
ZKT2104	258.00	259.44	0.70	0.68	78	2.6	0.0		
ZKT3304	411.51	412.54	0.40	0.38	343	0.4	0.0	<0.10	0.5
ZKT2505	297.98	299.60	1.44	1.10	103	4.3	0.2	0.96	0.6
ZKT3106	501.20	503.51	1.00	0.97	82	2.7	0.1	0.52	0.2
ZKT1704	251.60	252.82	0.50	0.48	176	1.9	0.2	0.58	0.2
ZKT0501	260.75	263.00	0.93	0.74	146	3.3	0.3	0.46	0.9
ZKT09S1	50.64	52.37	1.69	1.63	213	4.0	0.1		
ZKT09S23	84.40	88.62	3.41	3.29	38	4.3	0.0	0.02	0.1
ZKT1925	123.49	134.45	9.63	9.30	700	2.7	1.6	0.16	0.2
ZKT23S33	91.95	99.12	4.05	3.92	393	2.1	0.3	0.06	0.1
ZKT00S21	61.27	62.23	0.63	0.59	140	2.5	0.0	0.22	0.1
ZKT03S1	44.83	45.76	0.60	0.58	48	4.8	2.2	0.07	0.1
ZKT27S1	70.93	72.38	1.10	1.06	62	3.3	0.1	0.2	0.1
ZKT31S1	82.46	87.16	3.09	2.98	346	0.6	0.4		
ZKT1401	91.71	93.28	1.84	1.51	52	5.5	0.2	0.06	0.0
ZKT02S2	63.97	65.13	0.67	0.64	200	1.5	0.1	0.03	0.0
ZKT17S31	103.75	107.22	0.55	0.53	140	1.1	0.1	0.00	0.1

III (or T-3) vein– The III vein, one of the two central veins in the TLP en echelon system and almost equal in importance to the II vein, is more than 2 km long. It occurs in the footwall of a 10 to 40 m wide alteration zone, whereas the II vein occurs in the hanging wall of the same alteration zone. Mineralization is distributed as discontinuous lenses with higher grades in the central part and lower grades in marginal areas where the mineralization becomes extremely irregular and thinner. The mineralization, like that in the II vein, strikes NNE-SSW, dips 50-80° W, and plunges 20° toward the northeast. Drilling and tunneling indicate pinch-and-swell structure identical to the II vein. Mineralization consists mainly of silver-bearing galena associated with red hematite occurring at shallower depths (Figure 10-5).

Highlights of the 2010 tunneling program included:(1) a 75 m long zone of mineralization at the 700 m level with a weighted average width of 1.01 m and weighted average grades of 183g/t Ag, 4.68% Pb, and 0.18% Zn; (2) a 73 m long zone at level 699 m with weighted average width of 0.69 m and weighted average grades of 44 g/t Ag, 6.27% Pb, and 0.16% Zn; and (3) a 48.5 m long zone at PD780 with a weighted average width of 0.79 m and weighted average grades of 104 g/tAg, 2.7% Pb, and 0.08% Zn.

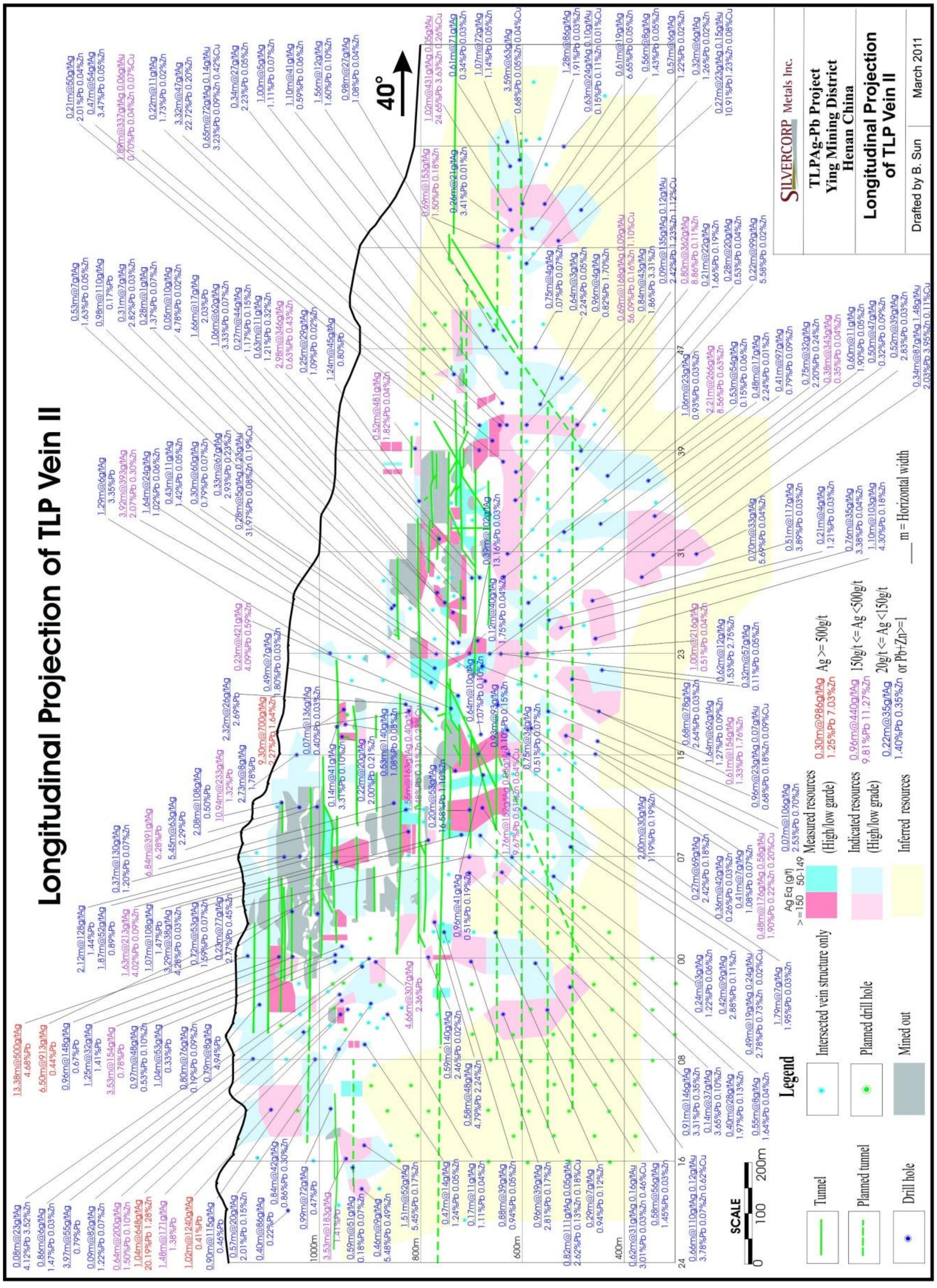

Figure 10-4: TLP Longitudinal Projection of II Vein

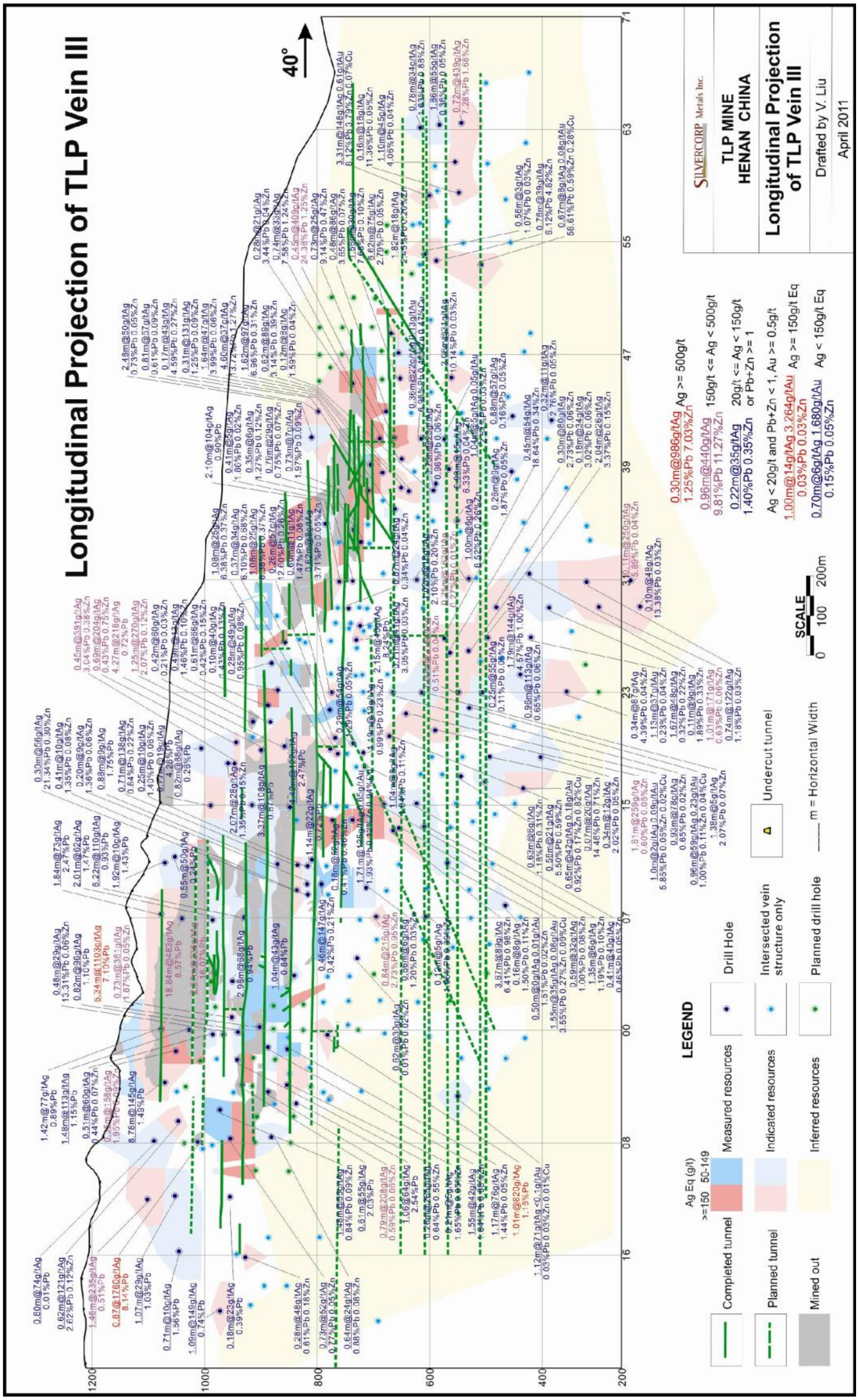

Figure 10-5: TLP Longitudinal Projection of III Vein

In 2010, Silvercorp drilled 118 holes (assays not available for 15 of these) through the III vein, of which 18 intersected significant mineralization, as follows:

2010 drill hole intersections in the III Vein

Drill Hole	From (m)	To (m)	Horizontal width (m)	True width (m)	Ag (g/t)	Pb (%)	Zn (%)	Au (g/t)	Cu (%)
ZKT3105	455.62	456.99	0.77	0.74	122	1.2	0.0		
ZKT2304	396.31	397.38	0.36	0.34	87	4.4	0.0	1.15	
ZKT2908	529.45	529.73	0.11	0.10	48	13.4	0.0	0.38	0.2
ZKT3106	522.47	522.74	0.12	0.11	250	5.9	0.0	0.30	1.7
ZKT0701	118.22	119.16	0.87	0.84	216	2.7	0.9		
ZKT1705	327.90	328.33	0.14	0.13	31	4.4	1.4	0.29	0.2
ZKT4903	173.32	184.44	6.85	6.62	75	2.8	0.1	0.03	0.2
ZKT17S31	89.06	91.98	0.46	0.45	391	3.0	0.4	0.0	0.1
ZKT19S31	53.17	55.64	0.71	0.69	204	0.4	0.8	0.00	0.0
ZKT06S0	142.84	143.46	0.64	0.62	121	2.6	0.1		
ZKT09S1	19.39	19.71	0.31	0.30	56	21.3	0.3		
ZKT19S1	29.99	30.47	0.38	0.37	34	6.1	0.7	0.45	0.3
ZKT21S4	35.68	36.13	0.27	0.26	57	12.6	0.3	<0.10	0.3
ZKT1301	144.92	148.87	3.69	3.57	89	6.4	1.0	0.49	0.7
ZKT21S6	92.03	94.84	0.60	0.58	21	5.5	0.6	0.09	0.2
ZKT2103	183.74	185.05	1.66	0.84	259	0.6	0.1	0.21	0.8
ZKT45S4	272.29	274.9	2.14	2.06	31	10.1	0.0		
ZKT2504	262.61	264.39	0.83	0.81	64	6.1	0.1		

IV (or T-4) vein — The IV vein, one of the eastern veins in the TLP en echelon system, extends about 500 m along NNE-SSW strike and dips steeply west. It lies 40 to 70 m east of the III vein and eventually merges to the north into the same alteration zone as the V vein. Mineralization, occurring principally as silver-bearing galena, is uneven with irregular lenses and narrow anastomosing veins that display twig features, strikes NE-SW, dips 40-55° NW and plunges shallowly toward the northeast at an as-yet undefined plunge angle. In 2010, Silvercorp drilled 20 holes (assays not available for 2 of these) through the IV vein, of which 4 intersected significant mineralization, as follows:

2010 drill hole intersections in the IV Vein

Drill Hole	From (m)	To (m)	Horizontal width (m)	True width (m)	Ag (g/t)	Pb (%)	Zn (%)	Au (g/t)	Cu (%)
ZKT23S33	20.94	22.31	0.78	0.75	70.4	4.88	0.16	0.31	0.08
ZKT23S31	7.18	8.17	0.83	0.81	29.7	3.595	0.728		
ZKT23S32	13.8	15.63	1.65	1.60	77.1	2.12	0.26		
ZKT21S37	8.18	8.38	0.17	0.17	8.9	3.79	0.49		

I (or T-1) vein– The I-vein, one of the western veins in the TLP en echelon system, was historically one of the three principal veins mined by previous operators. Currently defined remaining mineralization consists of six areas that are very short, narrow and irregular, containing discontinuous, massive lenses of silver-bearing galena. In 2010, Silvercorp drilled 45 holes (assays not available for 8 of these) through the I vein, of which 14 intersected significant mineralization, as follows:

Drill Hole intersections in the Ⅰ vein

Drill Hole	From (m)	To (m)	Horizontal width (m)	True width (m)	Ag (g/t)	Pb (%)	Zn (%)	Au (g/t)	Cu (%)
ZKT09S3	20.70	23.72	1.95	1.88	438	10.10	0.25	0.31	0.07
ZKT07S1	20.29	20.52	0.22	0.21	394	6.06	0.63	<0.10	0.034
ZKT2908	124.98	125.61	0.24	0.23	272	2.66	0.73	0.44	0.018
ZKT0701	84.04	84.36	0.30	0.29	1149	7.15	2.22	2.46	0.154
ZKT0704	135.01	135.79	0.38	0.37	46	2.38	1.13		
ZKT0903	101.11	102.14	0.47	0.45	208	1.65	0.54	0.27	0.15
ZKT0904	119.08	119.69	0.21	0.21	198	0.36	0.50	3.05	0.034
ZKT0504	141.03	142.13	0.44	0.43	41	5.15	0.77		
ZKT1921	79.25	79.75	0.31	0.30	233	1.21	0.23		
ZKT07S31	241.85	242.40	0.49	0.44	286	8.57	0.16	0.06	0.040
ZKT04S7	51.25	51.65	0.37	0.35	187	0.90	0.20		
ZKT02S5	36.83	37.18	0.23	0.23	390	0.84	0.18		
ZKT04S9	38.43	38.75	0.24	0.24	953	0.96	0.09		
ZKT08S2	30.88	30.98	0.08	0.08	105	9.61	3.14		

T-16 vein –The vein was discovered about 300 m east of the main TLP vein set (Veins T-1 through T-6 and T-14). It is about 190 m long, strikes NE-SW, and dips 70°-80°NW. Mineralization commonly occurs as fine veins and veinlets which locally swell to lenses, plunging NE at 56°, with anastomosing veinlets down-dip. In 2010, Silvercorp drilled 3 holes through the T-16 vein, 2 of which intersected significant mineralization, as follows:

Drill Hole intersections in the T16 vein

Drill Hole	From (m)	To (m)	Horizontal width (m)	True width (m)	Ag (g/t)	Pb (%)	Zn (%)	Au (g/t)	Cu (%)
ZKG1201	122.98	123.62	0.28	0.27	149	1.49	1.45	0.00	0.04
ZKG1202	193.83	195.14	0.46	0.44	332	11.61	0.44	0.00	0.05

V (or T-5 vein) — The V-vein, one of the eastern veins in the TLP en echelon system, is 40 to 70 m east of the IV vein where it eventually merges to the north into the same alteration zone as the IV vein. The vein is defined by trenching and underground channel sampling but has not been intersected as yet by drilling. It extends NE-SW along strike for 1.5 km and is known to extend 220 m to 320 m at depth, dipping 70° west. Mineralization occurs principally as silver-bearing galena. In 2010, Silvercorp drilled 25 holes through the V vein, 3 of which intersected significant mineralization, as follows:

Drill Hole intersections in the V vein

Drill Hole	From (m)	To (m)	*Horizontal width (m)*	TRUE width (m)	Ag (g/t)	Pb (%)	Zn (%)	Au (g/t)	Cu (%)
ZKT00S8	76.05	76.58	0.51	0.49	139	0.44	0.18	0.1	0.01
ZKT21S37	45.62	47.34	1.48	1.43	93	2.4	0.35		
ZKT17S4	46.25	46.72	0.46	0.45	358	9.52	0.21	0.18	0.24

10.2 LM AREA – PRINCIPAL VEINS

The LM area, on the eastern margin of the district (Donggou area), has somewhat less than half as much currently defined mineralization as does the TLP area, due in large part to the LM area being much more remote and more scantily explored. The eastern part of the LM area, known as the "LME" system consists of several large closely-spaced veins, the western part of area, known as "LMW" system contains a cluster of smaller wider-spaced, but more numerous veins. The two systems contain roughly similar quantities of currently defined mineralization, with the mineralization in the LME system distributed among 19 veins, that in the LMW system is distributed among 27 total veins. In the LME system, , whereas twelve veins account for the same proportion of resources defined in the LMW system.

LME (Eastern) System

The LME system veins occur as sets of N-S trending veins and NE-SW trending veins. The N-S veins dip steeply east, the NE-SW set dip northwest. Most of the veins are closely spaced, either parallel or intersecting each other in a "X" pattern. Drilling and tunneling often intersects multiple veins. Currently, four major veins (LM5, LM6, LM2 and LM5W) account for 86% of the mineralization defined in the LME system. A total of 12,255 m were drilled in 44 underground core holes in 2010. The program was designed to extend the known mineralized veins along strike and to depth, but also discovered 12 new mineralized veins, bringing the total number of known veins in the LME System to 19.

***LM5 vein* set –** The LM5 and LM6 veins comprise closely-spaced major NW-SE trending vein sets (or vein systems) in the LME mine system. The LM5 vein set is currently the more important of the two. The LM5 vein itself is exposed for more than a kilometer along strike, dipping 60-75 ° NW. Mineralization, which is best exposed by the tunneling and drifts on the 810, 845, and 960 m levels (Figure 10-7), consists of massive and disseminated galena occurring as discontinuous, uneven, irregular lenses in veins within silicified and carbonatized rocks. In 2010, Silvercorp drilled 28 holes (assays not available for 4 of these) through the LM5 vein, of which 9 intersected significant mineralization, as follows:

Significant Drill Hole intersections in the LM5 vein

Drill Hole	From (m)	To (m)	Horizontal width (m)	True width (m)	Ag (g/t)	Pb (%)	Zn (%)
ZKL5101	190.57	191.02	0.30	0.30	26.1	9.09	1.27
ZKL5304	294.405	294.815	0.36	0.36	1095	2.20	1.08
ZKL5001	214.44	214.76	0.19	0.19	365	2.65	0.31
ZKL5102	258.17	261.12	1.33	1.31	379	1.59	0.29
ZKL5002	278.54	281.30	1.27	1.23	483	1.55	0.50
ZKL6903	341.92	342.62	0.38	0.35	219	0.054	0.018
ZKL5103	402.65	411.50	6.53	6.33	359.1	1.40	0.22
ZKL5507	431.83	433.3	1.05	0.97	325	4.27	1.24
ZKL5003	452.3	453.43	0.73	0.70	453.7	1.45	0.58

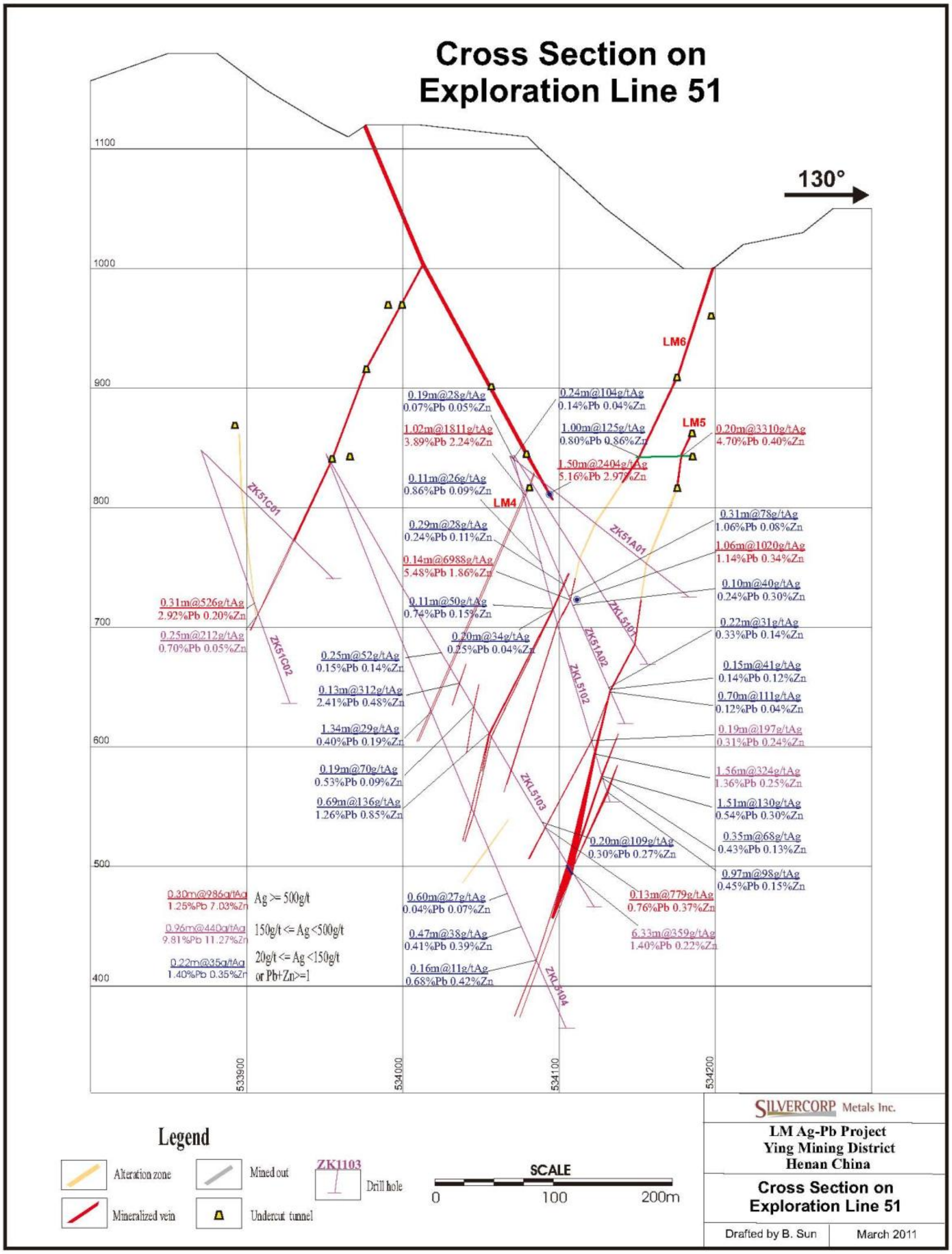

Figure 10-6: LM Cross Section on Line 51

Four newly discovered veins in the LM5 vein set are LM5E, LM5E2, LM5W and LM5W2. These four veins are closely spaced – 5 to 50m apart – and are parallel to LM5. They strike NE-SW and dip 65-75 °NW. ***LM5E*** is east of LM5 and is defined by 10 drill holes ranging from 529 to 753m elevation. It extends for at least 500m along strike with a true width ranging from 0.10 to 1.63m. The best drill intercept is 0.36m true width grading 814 g/t Ag and 4.68% Pb. ***LM5E2*** is also east of LM5 and extends over 250m in strike length. Two holes were drilled on LM5E2 from 542 to 562m elevation, containing average weighted grades of 182 g/t Ag and 1.07% Pb over a weighted intercept width (not true width) of 0.34m. ***LM5W*** is 5 to 30 m west of LM5 and extends about 450m along strike and 240m down-dip. The vein is defined by 9 drill holes, of which 7 holes intersected significant mineralization, ranging 197 to 6,988 g/t Ag and 0.31 to 3.66% Pb over 0.20 to 0.43m intervals (not true width). ***LM5W2*** is 28m west of LM5. One hole cut the vein at 537m elevation, hitting 109 g/t Ag and 0.30% Pb over a 0.28m interval not true width.

The following table is a listing of the mineralized intervals (not true width) in 2010 drill holes in various veins of the LM5 vein set:

Mineralized 2010 Drill Hole Intervals– LM5 vein set
(not true width)

Veins	Drill Hole No.	From (m)	To (m)	Interval (m)	Ag (g/t)	Pb (%)	Zn (%)	Au (g/t)
LM5	ZK51A02	216.38	217.38	1	111	0.12	0.04	-
	ZKL5001	214.44	214.76	0.32	365	2.65	0.31	0.1
	ZKL5002	278.54	281.3	2.76	483	1.55	0.5	-
	Including	*278.96*	*280.09*	*1.13*	*963*	*2.97*	*0.64*	-
	ZKL5101	190.57	191.02	0.45	26	9.09	1.27	-
	ZKL5102	258.17	261.12	2.95	379	1.59	0.29	-
	Including	*258.53*	*259.08*	*0.55*	*1,368*	*2.06*	*0.67*	-
	ZKL5103	402.65	411.5	8.85	360	1.4	0.22	-
	Including	*407.83*	*408.71*	*0.88*	*1,073*	*3.41*	*0.33*	-
	Including	*409.61*	*409.92*	*0.31*	*1,747*	*6.92*	*0.43*	-
	ZKL5104	430.48	431.25	0.77	38	0.41	0.39	-
	ZKL5201	277.42	277.55	0.13	219	0.88	0.16	-
	ZKL5302	317.3	318.5	1.2	518	2.83	0.24	-
	ZKL5304	294.41	294.82	0.41	1,095	2.2	1.08	-
	ZKL5501	101.27	101.85	0.58	926	0.77	0.55	-
	ZKL5502	156.33	156.53	0.2	103	0.8	0.23	-
	ZKL5504	307.62	307.72	0.1	43	2.38	0.17	-
	ZKL5505	151.35	153.79	2.44	177	0.27	0.08	-
	ZKL5505	163.99	164.37	0.38	153	2.36	0.88	-
	ZKL5506	144.46	144.61	0.15	10	1.78	1.03	-
	ZKL5704	172.2	172.75	0.55	178	0.56	0.16	-
	ZKL5706	259.02	259.76	0.74	102	0.18	0.39	8.62
	ZKL5707	283.11	283.28	0.17	76	1.38	0.28	-
	ZKL5902	320.97	321.79	0.82	33	0.27	0.26	-
	ZKL6703	259.04	261.71	2.67	167	0.56	0.74	0.09
	Including	*260.73*	*260.91*	*0.18*	*1,091*	*2.15*	*9.03*	*0.2*
	ZKL6703	297.99	298.39	0.4	78	0.24	0.16	-
	ZKL6901	273.23	274.5	1.27	225	6.42	2.16	-
	ZKL6903	341.92	342.62	0.7	219	0.05	0.02	-
LM5E	ZKL5001	231.76	232.37	0.61	814	4.68	0.26	0.15
	Including	*232.13*	*232.37*	*0.24*	*1,888*	*11.36*	*0.58*	*0.24*
	ZKL5102	279.5	282.07	2.57	157	0.6	0.34	0.1
	ZKL5501	148.32	148.82	0.5	153	0.34	0.12	-
	ZKL5501	152.58	153.21	0.63	80	7.1	0.76	-
	ZKL5505	275	282.08	7.08	69	0.22	0.07	-
	ZKL6703	299.69	299.87	0.18	242	1.67	0.93	-
	ZKL6901	297.4	298.03	0.63	217	1.46	0.51	0.27
LM5E1	ZKL5002	321.92	322.54	0.62	460	2.48	0.52	-
	ZKL6703	314.73	315.03	0.3	206	0.92	0.47	0.38
LM5E2	ZKL5102	293.85	294.23	0.38	163	1.18	0.11	-
LM5W	ZK51A02	132.33	132.53	0.2	6,989	5.48	1.86	-
	ZKL5002	275.96	276.16	0.2	284	3.66	0.29	-
	ZKL5102	249.29	249.72	0.43	197	0.31	0.24	-
	ZKL5103	366.82	367	0.18	779	0.76	0.37	-
	ZKL5202	290.24	291.08	0.84	53	0.95	0.05	-
	ZKL5301	136.67	136.97	0.3	189	0.4	0.24	-
	ZKL5302	272.06	275.07	3.01	403	1.23	0.8	-
	ZKL6901	256.18	256.48	0.3	1,076	3.8	1	-
LM5W2	ZKL5103	361.74	362.02	0.28	109	0.3	0.27	-

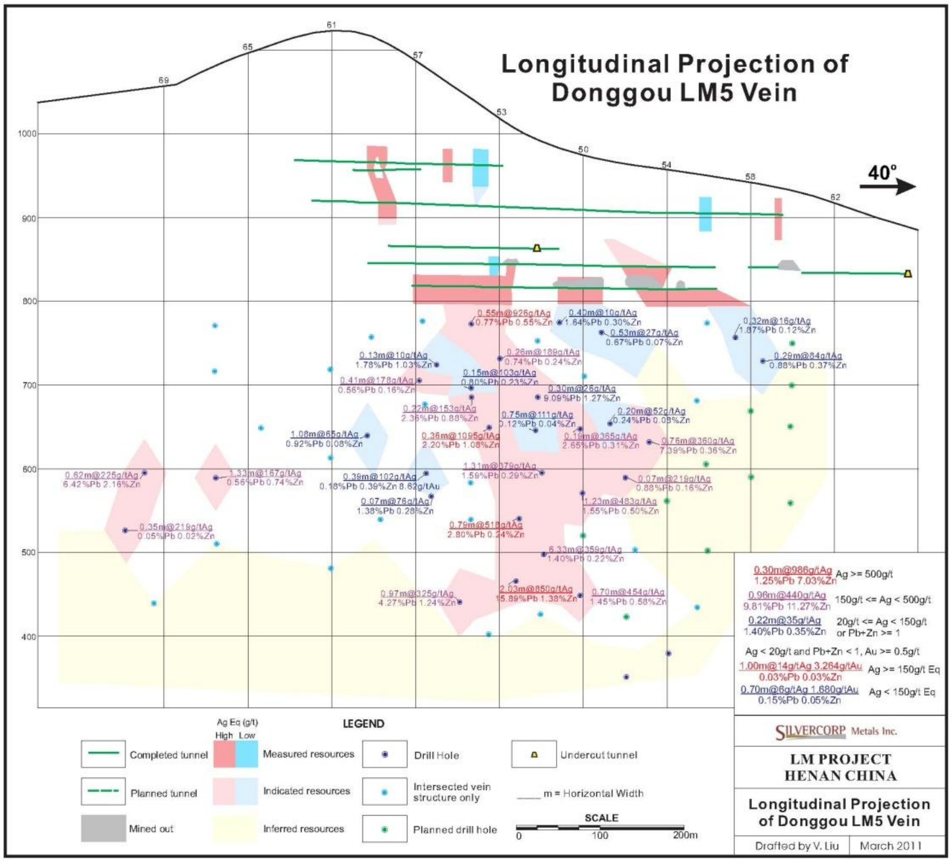

Figure 10-7: LM Longitudinal Projection of LM5 Vein

***LM6 vein set*–** The LM6 vein is only 30 m away from the LM5 vein in the hanging wall side of LM5. LM6 is exposed for 550 m along strike at the surface and dips 70°-75° NW, more-or-less subparallel to LM5. Mineralization is defined by underground tunneling and drilling. Mineralization is discontinuous and consists of disseminated and massive galena associated with wallrock carbonatization adjacent to the vein. In 2010, Silvercorp drilled 31 holes (assays not available for 3 of these) through the LM6 vein, of which 9 intersected significant mineralization, as follows:

Significant Drill Hole intersections in the LM6 vein

Drill Hole	From (m)	To (m)	Horizontal width (m)	True width (m)	Ag (g/t)	Pb (%)	Zn (%)
ZKL5707	199.65	200.21	0.23	0.22	188	1.09	0.68
ZKL6901	166.29	166.95	0.33	0.31	112	0.09	0.03
ZKL6903	197.04	197.6	0.30	0.28	137	1.29	0.36
ZKL6902	281.43	285.56	2.04	1.89	671.0	2.29	0.64
ZKL5002	169.16	170.05	0.42	0.41	1572	0.75	0.39
ZKL5103	274.02	275.00	0.71	0.69	136	1.26	0.85
ZKL5003	305.47	305.72	0.16	0.16	315	1.40	1.16
ZKL5507	292.59	293.66	0.76	0.71	208	3.14	1.64
ZKL5601	118.73	119.08	0.32	0.30	429	0.42	0.041

Four newly discovered veins in the LM6 vein set are LM5E, LM5E2, LM5W and LM5W2. These veins are within the LM6 vein cluster and are parallel each other, striking NE-SW and dipping steeply NW. ***LM6E*** is 5 to 33m east of LM6 and extends for 475m along strike and 115m down-dip. Four drill holes intersected the vein, returning 25 to 1,098 g/t Ag and 0.53 to1.32% Pb over 0.33 to 5.69m intervals (not true width). ***LM6E2*** is 10m east of LM6E and is defined by two drill holes from the 614 and 635m elevation levels. Hole ZKL6901 intersected 0.33m (not true width) of LM6E2 that contains 1,039 g/t Ag and 0.88% Pb, while hole ZKL6903 intersected 0.66m (not true width) of the vein that grades 325 g/t Ag, 0.35% Pb, and 1.24 g/t gold (Au). ***LM6W*** is 6m west of LM6 and is intersected by three drill holes, the best intercept occurring in hole ZKL6903, grading 1,124 g/t Ag and 0.73% Pb over a 0.64m interval (not true width).

The following table is a listing of the mineralized intervals (not true width) in 2010 drill holes in various veins of the LM5 vein set:

Mineralized 2010 Drill Hole Intervals – LM5 vein set
(not true width)

Vein	Drill Hole No.	From (m)	To (m)	Interval (m)	Ag (g/t)	Pb (%)	Zn (%)	Au (g/t)
LM6	ZK52A03	197.29	197.64	0.35	52	0.24	0.08	-
	ZKL5001	139.16	139.41	0.25	66	0.22	0.11	0.1
	ZKL5002	169.16	170.05	0.89	1,572	0.75	0.39	-
	ZKL5102	133.27	133.53	0.26	50	0.74	0.15	-
	ZKL5103	274.02	275	0.98	136	1.26	0.85	0.12
	ZKL5301	106.18	109.08	2.9	84	0.47	0.09	-
	ZKL5302	151.46	153.06	1.6	217	0.78	0.17	-
	ZKL5304	234.78	235.1	0.32	84	2.44	0.55	-
	ZKL5505	114.29	116.16	1.87	183	0.43	0.09	-
	ZKL5506	107	107.24	0.24	904	1.48	0.22	-
	ZKL5703	97.04	97.37	0.33	234	1.94	0.58	-
	ZKL5704	108.7	108.91	0.21	185	0.56	0.38	-
	ZKL5707	199.65	200.21	0.56	188	1.09	0.68	-
	ZKL6704	262.38	265.37	2.99	32	0.52	0.21	-
	ZKL6901	166.29	166.95	0.66	112	0.09	0.03	-
	ZKL6902	281.43	285.56	4.13	671	2.29	0.64	0.46
	Including	*282.76*	*284.14*	*1.38*	*1,383*	*4.75*	*1*	*0.54*
	ZKL6903	197.04	197.6	0.56	137	1.29	0.36	-
LM6E	ZKL5002	216.53	216.86	0.33	1,098	1.32	0.92	3.47
	ZKL6704	275.76	277.97	2.21	106	0.64	0.17	0.13
	ZKL6901	197.09	197.44	0.35	627	0.61	0.04	-
	ZKL6902	296.66	302.35	5.69	25	0.87	0.21	-
	ZKL6903	209.11	210.19	1.08	55	0.53	0.28	-
LM6E2	ZKL6901	230.22	230.55	0.33	1,039	0.88	0.67	-
	ZKL6903	248.56	249.22	0.66	325	0.35	0.56	1.24
LM6W	ZKL5506	89.65	89.92	0.27	105	6.78	0.25	-
	ZKL5901	122.9	123.06	0.16	144	0.03	0.02	-
	ZKL6296	156.15	156.2	0.05	183	-6.72	-0.21	-

***LM2 vein* set –** The LM2 and LM1 veins comprise closely-spaced major N-S trending vein sets (or vein systems) in the LME mine system. The principal LM2 vein is exposed for more than 1.1 km on strike, dips 45-80 °E, and extends onto both the TLP and LM mining permits. The vein is defined by five tunnels on nine levels. The tunneling has found that the LM2 vein truncates the upper part of the LM1 vein and the eastern extensions of the LM3 and LM4 veins. In addition, the contact points of LM2 with LM3 and LM4 become deeper toward the north(Figure 10-8). Mineralization consists of galena associated with silicification and carbonatization and plunges toward the northeast.

Two newly discovered veins in the LM2 vein set are LM2-1 and LM2-2. Both veins strike N-S and dip steeply east, parallel to the LM2 vein. LM2-1 is 20 to 30m east of LM2, LM2-2is 10m further east. ***LM2-1*** is defined by 6 drill holes from 767 to 841m elevation, with intercepts of 0.27 to 2.12m (not true width) containing 41 to 1,811 g/t Ag and 0.14 to 3.89% Pb. ***LM-2-2***is defined by two drill holes, one returning 55 g/t Ag and 0.20% Pb over a 1.36m interval (not true width); the other returning 0.40m (not true width) grading 284 g/t Ag and 0.13% Pb.

The following table is a listing of the mineralized intervals (not true width) in 2010 drill holes in various veins of the LM2 vein set:

Mineralized 2010 Drill Hole Intervals – LM2 vein set
(not true width)

Vein	Drill Hole No.	From (m)	To (m)	Interval (m)	Ag (g/t)	Pb (%)	Zn (%)	Au (g/t)
LM2	ZK001	224.17	224.74	0.57	95	1.92	3.07	-
LM2	ZKL002	117.69	118.08	0.39	249	0.36	0.07	-
LM2	ZKL0301	106.84	107.09	0.25	48	0.53	0.64	-
LM2-1	ZK001	118.23	118.6	0.37	41	0.3	0.13	-
LM2-1	ZK51A02	34.27	35.73	1.46	1,811	3.89	2.24	-
LM2-1	ZK52A03	3.55	4.16	0.61	158	0.23	0.47	-
LM2-1	ZKL5001	14.85	16.97	2.12	249	0.69	0.66	0.05
LM2-1	ZKL5002	55.38	55.65	0.27	339	0.32	0.19	-
LM2-1	ZKL5102	2.35	2.75	0.4	104	0.14	0.04	-
LM2-2	ZKL5001	40.46	41.82	1.36	55	0.2	0.12	0
LM2-2	ZKL5002	63.37	63.77	0.4	284	0.13	0.59	-

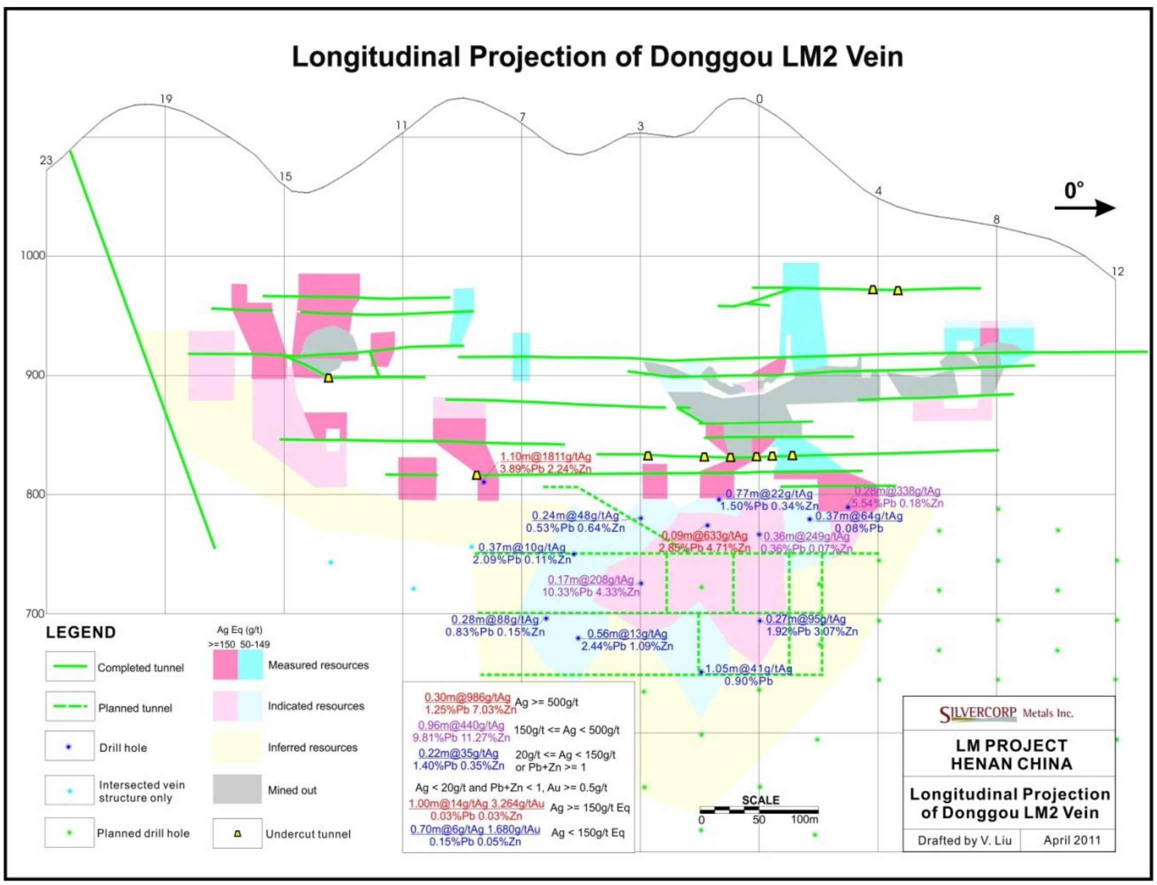

Figure 10-8: LM Longitudinal Projection of LM2 Vein

LM3 Vein set – Exploration in 2010 discovered the ***LM3-1 vein*** in the LM3 vein set. The vein is 10m west of LM3, strikes NE-SW and dips 75-80 ° NW. The new LM3-1 vein is defined by two drill holes at 811m and 775m elevation, one of which intersected 1.10 m (not true width) of 137 g/t Ag and 0.33% Pb, the other of which intersected 1.68m (not true width) grading 792 g/t Ag and 6.61% Pb. The mineralized intervals (not true width) intersected in the 2010 drilling in veins of the LM3 vein set are as follows:

Mineralized 2010 Drill Hole Intervals – LM3 vein set
(not true width)

Vein	Drill Hole No.	From (m)	To (m)	Interval (m)	Ag (g/t)	Pb (%)	Zn (%)	Au (g/t)
LM3	ZK001	62.21	63.06	0.85	559	0.88	0.12	-
	ZKL002	161.65	162.1	0.45	1,517	6.66	1.72	-
	ZKL55W01	179.02	179.24	0.22	45	0.25	0.35	-
	ZKL55W02	234.31	234.77	0.46	38	0.02	0.01	-
LM3-1	ZK001	54.21	55.31	1.1	137	0.33	0.15	-
	ZKL002	173.72	175.4	1.68	792	6.61	0.5	-

LM4 Vein set Two new veins, LM4W and LM4W2, were discovered in the 2010 exploration program. The veins are 5-10 m and 25 m from, and parallel to, the principal LM4 vein. The veins strike NE-SW and dip 70-75°NW. ***LM4W*** is intersected by two drill holes from 615 to 831m elevation. One hole intersected 0.15 m true width of 117 g/t Ag and 0.41% Pb, the other intersected 0.90 m (true width) of 449 g/t Ag and 0.10% Pb. ***LM4W2*** has to date been defined by only one drill hole, with 432 g/t Ag and 0.73% Pb intersected over a true width of 0.13 m. The mineralized drill intervals intersected in the 2010 drilling in veins of the LM4 vein set are as follows:

Mineralized 2010 Drill Hole Intervals – LM3 vein set
(not true width)

Vein	Drill Hole No.	From (m)	To (m)	Interval (m)	Ag (g/t)	Pb (%)	Zn (%)	Au (g/t)
LM4	ZKL5103	224.7	224.89	0.19	312	2.41	0.48	-
	ZKL5504	117.4	117.81	0.41	55	0.05	0.13	-
	ZKL5703	37.68	38.06	0.38	32	0.25	0.13	-
	ZKL5707	99.86	100.29	0.43	4,024	0.71	0.83	-
LM4W	ZKL5705	42.79	43	0.21	449	0.1	0.47	-
	ZKL5707	94.69	95.62	0.93	117	0.41	0.27	-
LM4W1	ZKL5305	246.23	246.48	0.25	18	6.31	0.14	-
LM4W2	ZKL5305	229.4	229.61	0.21	432	0.73	0.23	-

LMW (Western) System

Veins in the LME system are closely spaced, either parallel or intersecting each other in "X" patterns. As a result, drill holes or cross-cut tunnels often intersect multiple veins in a short distance. In 2010, a tunneling and drilling program was designed to upgrade inferred mineral resources to indicated and measured categories, and to explore and define new mineralized veins. A total of 16,984 m was drilled in 56 underground core holes. The program was successful in extending some of the already known veins along strike and to depth, and also discovered 18 new mineralized veins, increasing the total number of mineralized veins in the LME system to 29. The drilling also found several silver-lead veins (e.g., LM8 and LM8-1) that are unusually enriched in gold, suggesting that this gold-dominated mineralization may represent an important new target type for the LM area.

LM12 vein system – The LM12-1 is a newly discovered major vein 15 to 30 m from the LM12 vein in the hanging wall of LM12. LM12-2 is another newly discovered vein another 40 to 45 m away. All the LM12 veins are essentially parallel, striking NE-SW and dipping 50-65 ° NW. Known strike lengths range from 300 to 370 m and they extend to known depths of 290 to 395 m or more. LM12 and LM12-1 are currently the largest veins in terms of defined mineralization in the LMW system. The veins are well-defined by drilling and tunneling on various underground levels. To-date, the veins have each been intersected by 18 to 19 underground drill holes. LM12 (Figure 10-11) and LM12-1 are currently the two largest veins in the LMW area, in terms of currently defined mineralization.

LM12-1 (Figure 10-10) is exposed in tunnels on the 850 m and 900 m levels. A tunneling program in 2010 exposed the following mineralization: (1) a 25 m length with weighted average horizontal width of 0.46 m and weighted average grades of 213 g/t Ag, 6.54% Pb, and 0.34% Zn on the 894 m level; and (2) a 95 m length with 0.59 m weighted average horizontal width averaging 1128 g/t Ag, 4.13%Pb, and 0.31% Zn on the 850 m level. The vein has been intersected by 19 underground drill holes, 7 of which are significantly mineralized. Of these holes, 8 were drilled in 2010, of which 3 were mineralized. Weighted average horizontal width from the drilling is 0.75 m carrying weighted average grades of 552 g/t Ag, 6.55% Pb, and 0.30% Zn.

LM12-2 has been intersected by 18 underground drill holes and exposed in one 105 m long drift at the 898 m elevation level. The mineralized shoots intersected by the tunneling contain a weighted average grade of 149 g/t Ag and 0.72% Pb over a weighted average true width of 0.50m, and a weighted average grade of 3,354 g/t Ag and 0.33% Pb over a weighted average true width of 0.55m.

The following are mineralized intervals (not true width) from the 2010 drilling in veins of the LM12 vein system in the LMW area:

Mineralized 2010 Drill Hole Intervals – LM12 vein system
(not true width)

Veins	Drill Hole No.	Elevation (m)	From (m)	To (m)	Interval (m)	Ag (g/t)	Pb (%)	Zn (%)	Au (g/t)	Cu (%)
LM12	ZKX0102	683	263.21	263.61	0.4	1541	0.95	0.2	-	-
	ZKX0103	623	472.98	473.53	0.55	219	2.51	0.61	-	1.67
	ZKX0104	524	511.66	512.77	1.11	23	0.17	0.05	-	0.55
LM12-1	ZKX0103	637	449.91	451.26	1.35	35	1.99	0.23	-	0.05
	ZKX0403	741	189.09	189.69	0.6	12	0.84	0.08	0.03	0.01
	ZKX0802	844	86.54	87.15	0.61	35	0.3	0.04	-	-
LM12-2	ZKX0101	798	167.7	168.58	0.88	105	3.17	0.1	13.1	0.08
	ZKX0102	728	214.12	214.46	0.34	25	0.79	0.45	-	-
	ZKX0103	645	437.53	437.9	0.37	20	1.02	0.08	-	0.03
	ZKX0104	546	483.39	483.77	0.38	67	4.27	0.2	-	0.09
	ZKX0703	786	158.04	158.37	0.33	23	0.8	0.14	0.09	0.01
LM12-3	ZKX0102	747	193.68	194.39	0.71	265	1.73	0.73	-	-

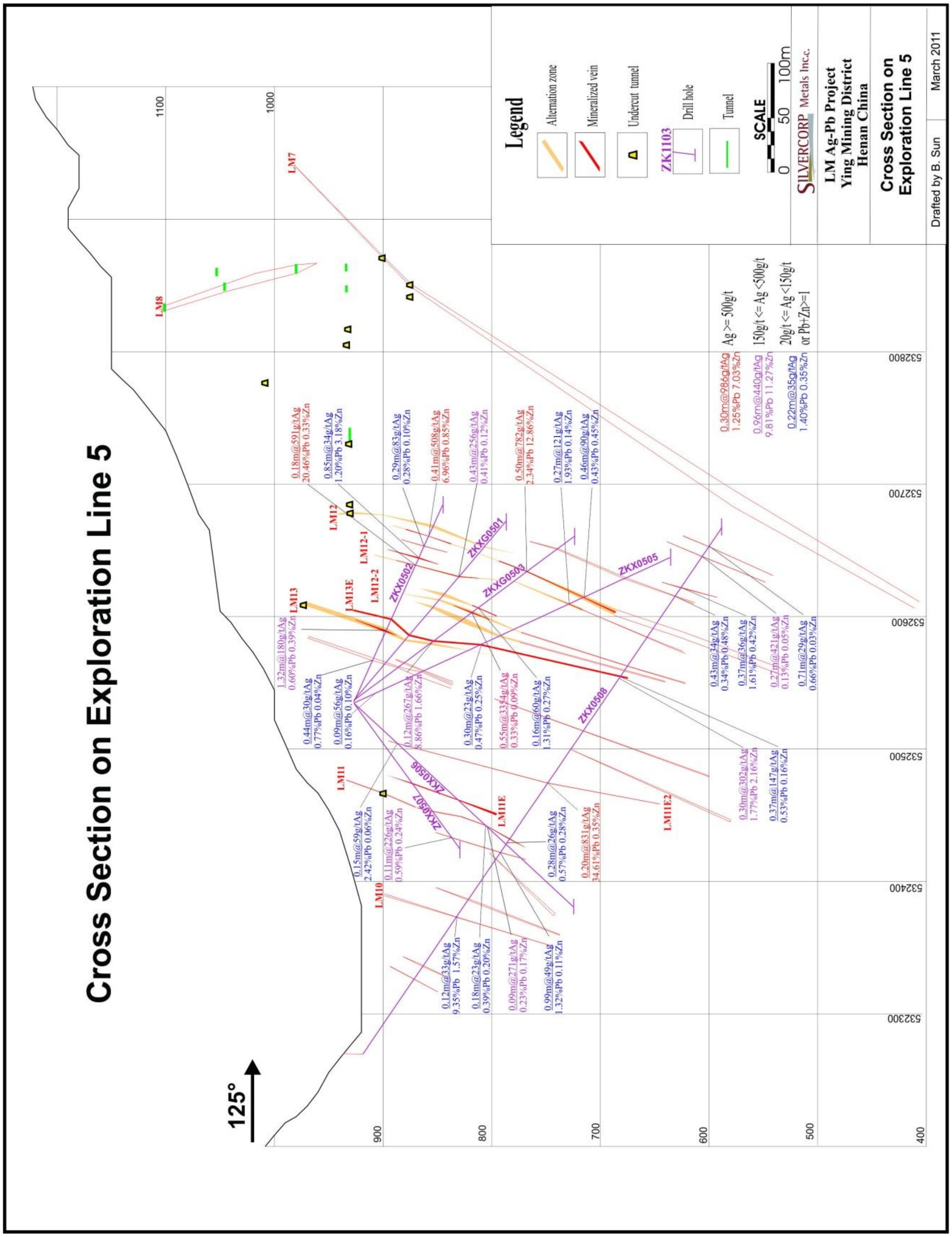

Figure 10-9: LM Cross Section on Line 5

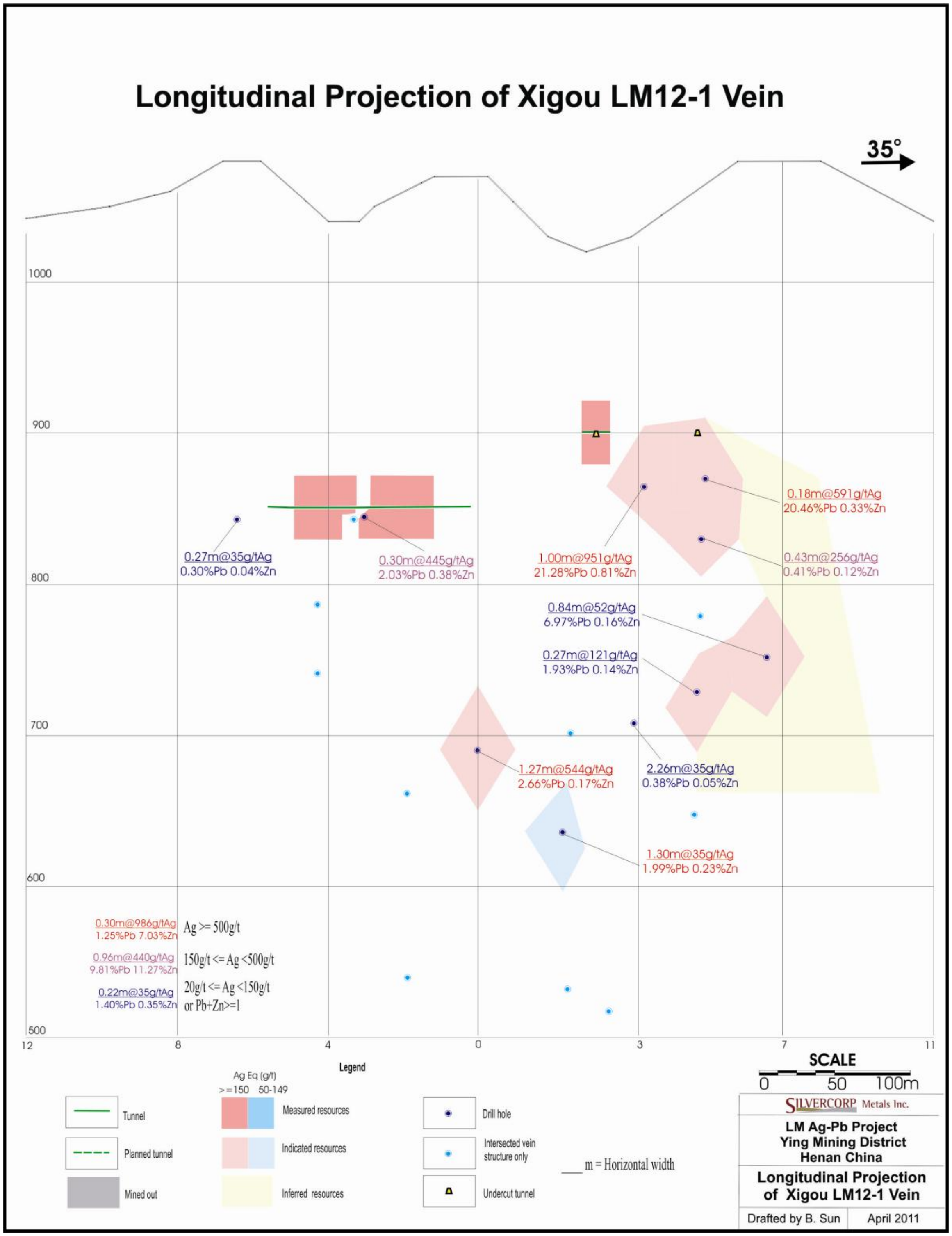

Figure 10-10: LM Longitudinal Projection of LM12-1 Vein

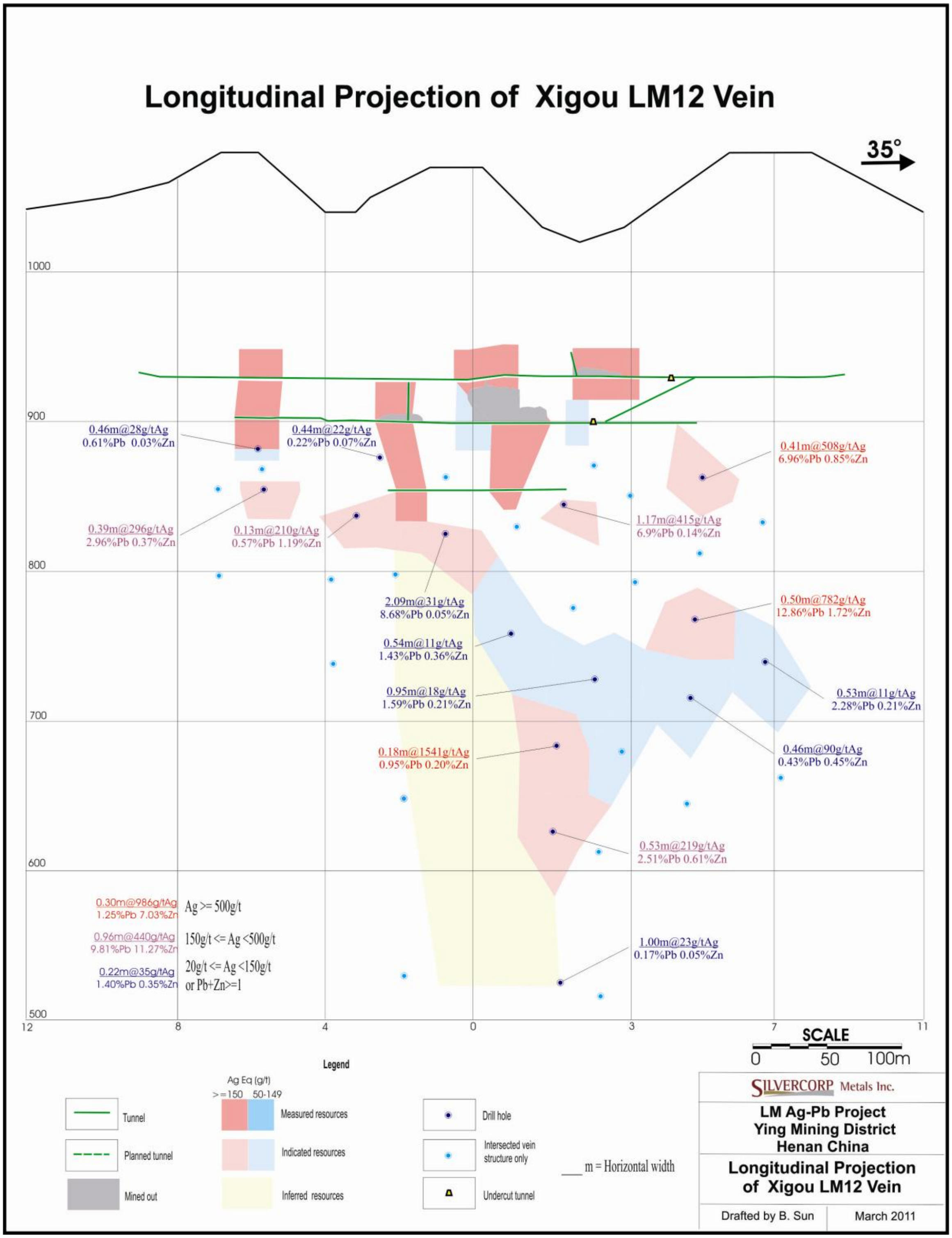

Figure 10-11: LM Longitudinal Projection of LM12 Vein

LM8 vein system– The LM8 vein system lies within the TLP mining permit area and consists of 5 significant veins: LM8, LM8-1, LM8-2, LM8-3, and LM8-4. LM8-3 and LM8-4 are new discoveries made in the 2010 exploration program. The veins all strike NW-SE and dip steeply NE.

The LM8 vein is presently the largest known vein in the system and the third largest in the LMW area in terms of currently defined mineralization. It has a known surface strike length of about 500 m. On its northeastern end it connects with the LM7 vein. Mineralization in the LM8 vein has been intersected in tunnels on the 900 m level, 870 m level, and the 835 m level.

The LM8-3 vein, 30 m northeast of LM8, has a known strike length of 60m and a dip length of 150m. Four underground diamond drill holes have intersected the vein, with an average true width of 0.38 m and average grades of 102 g/t Ag and 2.48% Pb. The LM8-4 vein, 50 m northeast of LM8, was intersected by drill hole ZKX10603 at 753 m elevation and contains 480 g/t Ag and 0.93% Pb over 0.67m true width.

The following are mineralized intervals (not true width) from the 2010 drilling in veins of the LM8 vein system in the LMW area:

Mineralized 2010 Drill Hole Intervals – LM8 vein systems

(not true width)

Veins	Drill Hole No.	Elevation (m)	From (m)	To (m)	Interval (m)	Ag (g/t)	Pb (%)	Zn (%)	Au (g/t)	Cu (%)
LM8	ZKX10601	730	226.04	227.33	1.29	707	4.69	0.07	-	-
	ZKX10202	758	183.94	186.41	2.47	108	1.29	0.16	-	-
		800	169.62	171.27	1.65	116	0.92	0.36	13.42	0.02
		including	*170.48*	*171.27*	*0.79*	*187*	*1.53*	*0.67*	*28.03*	*0.03*
	ZKX10603	679	265.83	266.2	0.37	42	1.18	0.05	-	0.51
LM8-1	ZKX10202	768	174.43	175.33	0.9	20	0.93	0.04	-	-
	ZKX10205	786	146.87	148.62	1.75	313	2.66	0.3	5.18	0.06
		including	*147.37*	*147.66*	*0.29*	*1,699*	*2.91*	*0.75*	*30.35*	*0.24*
	ZKX10206	745	184.65	185.89	1.24	253	2.84	0.21	0.01	0.82
	ZKX10602	815	150.52	151.01	0.49	344	0.11	0.11	0.02	0.06
	ZKX10601	768	183.05	183.43	0.38	560	1.15	0.07	-	-
LM8-2 Branch	ZKX10602	819	144.73	144.93	0.2	2,509	0.99	0.1	-	0.13
LM8-2	ZKX10202	771	171.1	171.84	0.74	277	0.26	0.2	-	-
	ZKX10205	800	133.48	133.81	0.33	52	1.39	0.11	-	0.04
	ZKX10206	748	181.94	183.02	1.08	533	0.35	0.16	0.01	0.24
	ZKX10601	779	170.91	171.27	0.36	55	0.18	0.04	-	-
	ZKX10602	823	138.66	140.62	1.96	631	0.78	0.2	0.03	0.36
		including	*140.15*	*140.62*	*0.47*	*1,687*	*2.07*	*0.63*	*0.12*	*1.44*
LM8-3	ZKX10202	859	76.49	76.82	0.33	39	2.99	0.11	-	-
	ZKX10205	840	92.52	93.02	0.5	25	2.92	0.12	-	0.01
	ZKX10206	788	141.74	142.29	0.55	37	0.71	0.09	1.42	0.02
	ZKX10602	837	120.49	121.58	1.09	158	3.09	0.09	-	0.03
LM8-4	ZKX10603	753	186.91	188.61	1.7	481	0.92	0.05	0.11	0.09
		including	*187.11*	*187.3*	*0.19*	*2,370*	*0.54*	*0.04*	*0.3*	*0.37*
LM8-5	ZKX10002	858	132.28	133.2	0.92	44	0.27	0.05	-	0.06

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LM11 vein system – The LM11 vein system consists of a series of parallel veins that strike SW-NE and dip 55-75° NW. The principal veins in this system consist of the LM11 vein itself, together with LM11E1, LM11E2, and LM11W. The major LM11 vein is approximately 250 m northwest of vein LM12. Tunneling has been done along the vein on three levels: 924m, 894m, and 868m through main access tunnel PD924. Three strongly mineralized "shoots" have been defined, ranging from 30 to 104m in strike length, 0.28 to 0.59m in true thickness, and containing weighted average grades of 56 g/t to 1,890 g/t Ag and0.73% to 20.73% Pb over weighted average true widths of 0.20 to 1.6m. Six drill holes intersect the vein down to depths of at least the 624m elevation level. The drill hole assays range from 37 g/t Ag and 0.56% Pb over a 0.22m interval (not true width, see table below) to 1,837 g/t Ag and 7.77% Pb over a 0.35m interval (not true width).

LM11E1, which is 2 to 15m southeast of LM11, is defined by two drill holes (ZKX0305 and ZKX0306) at 739m and 671m elevations. The drill intercepts include 2 g/t Ag and 0.12% Pb over 0.50m interval (not true width) and 576 g/t Ag and 6.14% Pb over 2.32m interval (not true width; see table below).

LM11E2, which is 10 to 60m farther southeast of LM11, is defined by two holes (ZKX0305)and (ZKX0306) at 726m and 662m elevations, grading 4 g/t and 0.47% Pb over 0.30m interval (ZKX0305) and 541 g/t Ag and 3.59% Pb over 0.63 m interval (ZKX0306).

LM11W, 20m northwest of LM11, is intersected by one hole (ZKX0507 at 837m elevation), containing 226 g/t Ag and 0.59% Pb over a 0.26m interval (not true width, see table below).

The following are mineralized intervals (not true width) from the 2010 drilling in veins of the LM11 vein system in the LMW area:

Mineralized 2010 Drill Hole Intervals - LM11 vein system
(not true width)

Veins	Drill Hole No.	Elevation (m)	From (m)	To (m)	Interval (m)	Ag (g/t)	Pb (%)	Zn (%)	Au (g/t)	Cu (%)
LM11	ZKX0304	855	128.68	129.53	0.85	139	0.63	0.11	-	0.03
	ZKX0306	674	306.84	307.74	0.9	512	3.12	0.2	-	0.25
	ZKX0307	624	334.59	334.81	0.22	37	0.56	0.03	-	0.06
	ZKX0506	805	168.76	169.13	0.37	271	0.23	0.17	-	-
	ZKX0704	869	108.97	109.62	0.65	252	2.05	0.12	-	0.05
LM11E1	ZKX0306	671	309.99	312.31	2.32	576	6.14	0.1	0.06	0.51
		Including	*311.57*	*312.31*	*0.74*	*1,459*	*18.1*	*0.18*	*0.18*	*1.31*
LM11E2	ZKX0306	662	321.39	322.02	0.63	541	3.59	0.15	-	0.23
LM11W	ZKX0507	837	157.42	157.68	0.26	226	0.59	0.24	-	-

LM14 vein **–** The LM14 vein extends NW-SE for 230 m along strike and dips steeply SW or locally NE. Mineralization occurs primarily in the hanging wall; no mineralization has yet been found in the footwall. The vein is exposed on four levels ranging from the 972m level down to the 886m level. On the 886 m level, the mineralization has been extended to depth by 12 drill holes.

The LM14-2 vein is parallel to and 20 to 25m southwest of the LM14 vein. LM14-2 is more than 100 m long and dips 55 °to 60 °NE. It is 0.23 to 1.78m in true thickness with a highly mineralized pocket that is at least 45 m long and contains 155 to 383 g/t Ag and 4.99 to 12.31% Pb. The vein has been intersected by five drill holes at elevations of 832 to 879m, with the best hole containing 383 g/t Ag and 0.44% Pb over a 0.87 m true width interval.

The following are mineralized intervals (not true width) from the 2010 drilling in veins of the LM14 vein system in the LMW area:

Mineralized 2010 Drill Hole Intervals - LM14 vein system
(not true width)

Veins	Drill Hole No.	Elevation (m)	From (m)	To (m)	Interval (m)	Ag (g/t)	Pb (%)	Zn (%)	Au (g/t)	Cu (%)
LM14	ZKX10901	837	209.98	210.69	0.71	70	0.86	0.09	-	0.04
	ZKX10502	618	399.06	399.82	0.76	194	0.27	0.23	-	0.53
	ZKX10702	668	350.91	351.76	0.85	44	0.71	0.33	-	0.08
	ZKX10704	638	373.34	374.02	0.68	34	0.62	0.66	-	0.2
	ZKX10704	634	378.58	378.78	0.2	21	2.41	0.07	-	0.1
	ZKX10705	566	436.26	437.12	0.86	37	0.26	0.11	0.1	0.09
	ZKX10904	635	372.04	372.8	0.76	164	0.91	0.1	-	0.22
	ZKX10905	607	398.2	399.24	1.04	225	1.6	0.15	-	0.13
	ZKX11103	687	338.09	339.64	1.55	263	3.71	1.44	-	0.16
	ZKX11104	756	274.94	277.33	2.39	255	5.88	0.26	-	0.13
	ZKX11105	601	409.66	410.25	0.59	59	4.78	3.19	-	0.01
LM14-1	ZKX10905	604	401.57	402.31	0.74	151	0.07	0.03	-	0.11
LM14-2	ZKX11103	685	341.01	341.33	0.32	39	0.5	0.19	-	0.39

LM19 vein– The LM19 vein is newly discovered vein parallel to and 200m southwest of LM8 and cut by LM7 without significant displacement. The vein trends NW-SE for 150 m along strike and dips 70-80 ° NE. Mineralization is exposed in an underground drift along the vein on the 924m level through main access tunnel PD924. Three strongly mineralized pockets were intersected by tunneling, grading 70 to 453 g/t Ag and 1.22 to 2.77% Pb over true widths of 0.42 to 0.80 m. Three drill holes have intersected the vein near the 800m elevation with two of these intersecting significant mineralization: (1) hole ZKX1902 intersected 262 g/t Ag, 1.82% Pb and 0.84 g/t Au over 9.23m; and (2) hole ZKX1921 intersected 275 g/t Ag and 2.82% Pb over 0.68m.

LM17vein – The LM17 vein strikes NE-SW and dips steeply NW, cutting across veins LM14 and LM16. It was defined by 4 drill holes over an 80m strike length at elevations ranging from 750 to 864m. The following are the mineralized intervals (not true width) from the 2010 drilling in veins of the LM17 vein system:

Mineralized 2010 Drill Hole Intervals - LM17 vein system 2011
(not true width)

Veins	Drill Hole No.	Elevation (m)	From (m)	To (m)	Interval (m)	Ag (g/t)	Pb (%)	Zn (%)	Au (g/t)	Cu (%)
LM17	ZKX1703	747	247.75	255.26	7.51	925	1.12	0.17	0.09	0.15
		including	*247.75*	*250.32*	*2.57*	*1,461*	*2.16*	*0.34*	*0.1*	*0.34*
		including	*253.4*	*254.3*	*0.9*	*2,220*	*0.52*	*0.1*	*0.11*	*0.1*
	ZKX1704	864	152.33	152.65	0.32	152	2.05	0.26	0.05	0.01
	ZKX1712	781	216.73	217.31	0.58	152	0.32	0.23	-	-
	ZKX1731	851	148.72	149.6	0.88	8	1.33	0.09	-	-

LM16 vein **–** The LM16 vein, about 296m southwest of LM14, extends NW-SE and dips steeply NE for 346 m along strike and 380 m in depth. The vein was extensively explored by tunneling and drilling. Tunneling was done on the 916m and 880m levels through access PD8 and PD991, respectively. At the 916m level, a 90m drift developed along the vein intersected 68 g/t to 2,569 g/t Ag, 0.43% to 4.09% Pb, and 0.08% to 10.93% Zn over 0.10 to 0.95m true width. A 300m drift developed on the 880m level exposed two strongly mineralized pockets from 20 to 35m in length and 0.60 to 0.68m in true width. The pockets contain weighted average grades of 116 to 1,013 g/t Ag and 0.58 to 7.85% Pb. The vein has been intersected by 6 drill holes intercepted from 646 to

834m elevations, with hole ZKX10922 intersecting 952 g/t Ag and 3.27% Pb over 1.19m interval (not true width) at the 717m elevation level.

LM16-1 vein –The LM16-1vein, 53m northeast of LM16, extends NW-SE and dips 75-80°NE for 150 m along strike. Three drill holes have intersected the vein at 706 to 878m elevation, returning 1.0 to 1.57 m intervals (not true width) of 95 to 581 g/t Ag and 1.27 to 2.68% Pb. A drift along the vein on the 880m elevation through main access tunnel PD991exposes a 14m long lower-grade zone containing 48 g/t Ag and 2.35% Pb.

The following are the significant mineralized intervals (not true width) from the 2010 drilling in the LM16 and LM16-1 veins in the LMW area:

Mineralized 2010 Drill Hole Intervals - LM16 & LM16-1 veins
(not true width)

Veins	Drill Hole No.	Elevation (m)	From (m)	To (m)	Interval (m)	Ag (g/t)	Pb (%)	Zn (%)	Au (g/t)	Cu (%)
LM16	ZKX10921	781	267.17	267.37	0.2	64	3.84	0.07	-	0.13
	ZKX10922	716	309.07	310.26	1.19	952	3.27	0.3	-	0.19
		including	*309.07*	*309.85*	*0.78*	*1,413*	*4.8*	*0.43*	-	*0.28*
LM16-1	ZKX10921	841	190.73	191.71	0.98	30	0.16	0.08	-	0.01
	ZKX10923	707	303.36	304.93	1.57	212	1.27	0.25	-	0.23

LM13 and LM13W veins **–**The LM13 and LM13W veins are located approximately 100m northwest of LM12. They strike NE-SW and dip 65-70° NW. They are known to extend for at least 100 m along strike and 350 m in depth. LM13W is 20 to 60m west of LM13 and is exposed for a 50m length in a drift at the 898m level through main access tunnel PD924. The true width of the vein ranges from 0.20 to 0.80m and contains 220 to 757 g/t Ag and 0.80 to 1.14% Pb. Seven drill holes at the 575 to 898 m elevation levels have intersected the vein, the best hole being ZKX0305 which hit 164 g/t Ag, 2.64% Pb over a 0.55m interval (not true width). Significant mineralized intervals (not true width) from the 2010 drilling in veins of the LM13 and LM13W veins in the LMW area are as follows:

Mineralized 2010 Drill Hole Intervals - LM13 & LM13W veins
(not true width)

Veins	Drill Hole No.	Elevation (m)	From (m)	To (m)	Interval (m)	Ag (g/t)	Pb (%)	Zn (%)	Au (g/t)	Cu (%)
LM13	ZKX0101	898	36.87	37.54	0.67	121	6.27	0.39	0.04	0.02
	ZKX0102	805	131.37	132.21	0.84	73	6.36	0.29	-	-
	ZKX0305	648	403.88	404.43	0.55	164	2.64	0.36	0.14	0.09
LM13W	ZKX0102	902	26.12	27.79	1.67	376	0.47	0.17	-	-
	ZKX0305	674	363.81	364.42	0.61	26	3.22	0.06	-	0.55
	ZKX0306	604	395.98	396.29	0.31	20	1.19	0.05	-	0.02
	ZKX0307	539	432.13	432.45	0.32	3	0.49	0.07	1.12	0.02

LM21 and LM21W Veins **–** The LM21 and LM21W veins, which are about 3 m apart, lie 62-65 m northeast of the LM8 vein. They strike NW-SE and dip 80-85° NE. Hole ZKX10603 intersected LM21 at 793m and LM21W at 787m elevations. Significant mineralized intervals (not true width) from the 2010 drilling in veins of the LM13 and LM13W veins in the LMW area are as follows:

Mineralized 2010 Drill Hole Intervals - LM21 & LM21W veins
(not true width)

Veins	Drill Hole No.	Elevation (m)	From (m)	To (m)	Interval (m)	Ag (g/t)	Pb (%)	Zn (%)	Au (g/t)	Cu (%)
LM21	ZKX10603	793	144.24	144.64	0.4	107	4.95	0.06	1.37	0.02
LM21W	ZKX10603	787	150.99	151.17	0.18	137	0.48	0.04	-	0.07

LM15 Vein – The NW-SW striking LM15 vein dips steeply NE and is parallel to and about 105m northeast of the LM8 vein. The vein has been intersected by three drill holes at shallow depths (916 to 924m elevation); the actual dimensions of the vein are yet to be defined. Two of the three drill holes were mineralized, as shown in the following table (interval length is not true width):

Mineralized 2010 Drill Hole Intervals - LM15W veins

Veins	Drill Hole No.	Elevation (m)	From (m)	To (m)	Interval (m)	Ag (g/t)	Pb (%)	Zn (%)	Au (g/t)	Cu (%)
LM15	ZKX10602	924	7.58	7.94	0.36	116	1.4	0.17	-	0.02
	ZKX10603	916	14.18	14.51	0.33	155	0.42	0.28	-	0.02

Other veins in LMW area

Following is a table of mineralized drill hole intervals (not true width) of other veins in the LMW area which were intersected in the 2010 exploration drilling program:

Other LMW veins with mineralized 2010 Drill Hole intersections

Veins	Drill Hole No.	Elevation (m)	From (m)	To (m)	Interval (m)	Ag (g/t)	Pb (%)	Zn (%)	Au (g/t)	Cu (%)
LM7	ZKX0401	763	182.57	183.55	0.98	123	0.25	0.05	0.12	0.06
	ZKX0104	481	567.87	569.1	1.23	103	1.78	1.23	-	0.21
	ZKX0305	564	535.2	535.5	0.3	932	21.27	0.16	0.26	0.07
	ZKX10205	750	184.31	184.75	0.44	84	1.04	0.12	-	0.4
	ZKX10205	739	195.7	196.65	0.95	170	0.16	0.07	-	0.15
LM10	ZKX0104	798	155.35	155.76	0.41	39	5.84	0.78	0.63	0.03
	ZKX0202	837	179.27	180.05	0.78	152	0.56	1.96	0.1	0.09
	ZKX0305	807	163.71	164.35	0.64	30	5.32	0.95	0.18	0.03
LM15	ZKX10602	924	7.58	7.94	0.36	116	1.4	0.17	-	0.02
	ZKX10603	916	14.18	14.51	0.33	155	0.42	0.28	-	0.02

10.3 EXPLORATION IN OUTLYING AREAS

The 2010 exploration program focused on two "frontier" areas within the Ying District, the SDG-LJG and DCG areas. The SDG-LJG exploration permitting area is adjacent to the southeast boundary of the SGX mining permit west of the TLP and LM permits, the DCG area is 3 km north of TLP, adjacent to the northeast boundary of the Ying exploration permit.

SDG-LJG Area

Mineralization in the SDG-LJG exploration area is associated with structurally controlled alteration zones (fault zones) (Figure 10-12). Surface mapping, geochemical anomaly checking, and drilling started in March, 2010, in order to explore mineralization in two principal veins, SL1 and SL1-1. In 2010, Silvercorp drilled 9 NQ-size core holes, totaling 2883.77 m, to explore these veins, with several of the 9 holes intersecting mineralization in both veins.

SL1 Vein – The SL1 vein in the northwest portion of the permit area, extends in a NE-SW direction for 1,700m along the surface (Figure 10-13). Six of the nine holes drilled in the 2010 program intersected mineralization in this vein, as listed below:

Drill Hole intersections in the SL1 Vein

Drill Hole	From (m)	To (m)	Horizontal width (m)	True width (m)	Ag (g/t)	Pb (%)	Zn (%)	Au (g/t)	Cu (%)
ZK001	198.58	198.90	0.26	0.26	237.34	1.05	1.31	0.48	0.00
ZK002	273.44	274.37	0.51	0.49	3.60	0.00	0.02	0.00	0.50
ZK401	224.17	226.73	1.97	1.85	67.41	0.32	0.67	0	2.14
ZK402	245.90	247.89	1.31	1.23	10.61	0.01	0.02	0.00	1.61
ZK701	236.81	237.41	0.52	0.49	30.85	1.19	0.46	0.00	0.034
ZK802	186.00	186.44	0.36	0.35	3.43	0.00	0.02	0.00	0.41

SL1-1 Vein – The SL1-1 vein, 100 m west of SL1, has a known strike length of 380 m. Five of the nine holes drilled in the 2010 program intersected mineralization in this vein, as listed below:

Drill Hole intersections in the SL1-1 Vein

Drill Hole	From (m)	To (m)	Horizontal width (m)	True width (m)	Ag (g/t)	Pb (%)	Zn (%)	Au (g/t)	Cu (%)
ZK301	191.30	193.30	1.30	1.22	60.8	0.03	0.09	0.07	1.814
ZK002	203.22	204.13	0.5	0.48	20.49	0.04	0.16	0.00	0.97
ZK402	231.33	233.48	1.42	1.33	26.31	0.01	0.05	0.00	2.61
ZK801	131.26	132.23	0.8	0.77	24.55	0.01	0.14	0.00	2.79
ZK702	195.78	196.1	0.24	0.22	5.4	0.28	0.012	2.99	0.36

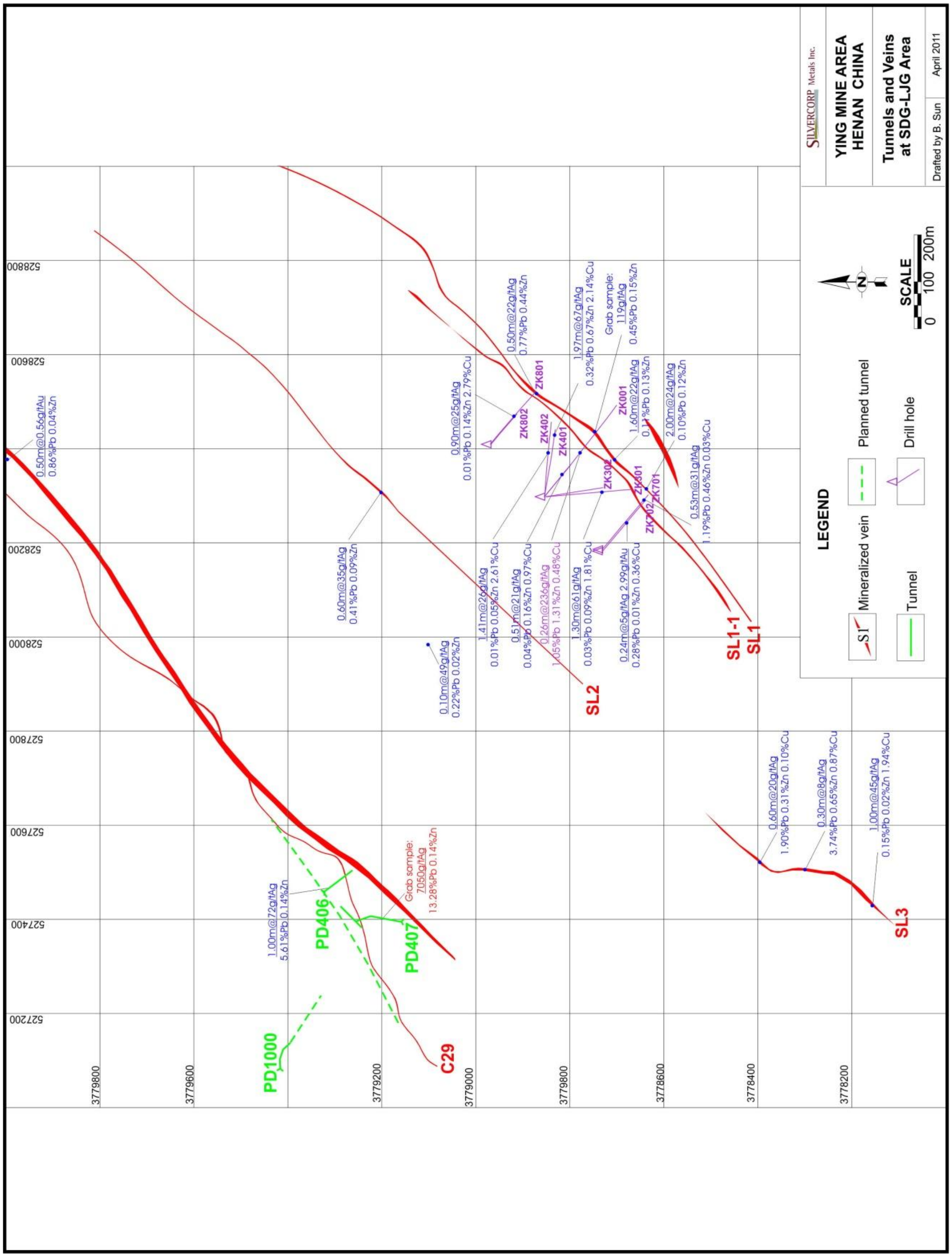

Figure 10-12: Tunnels and Veins at SDG-LJG Area

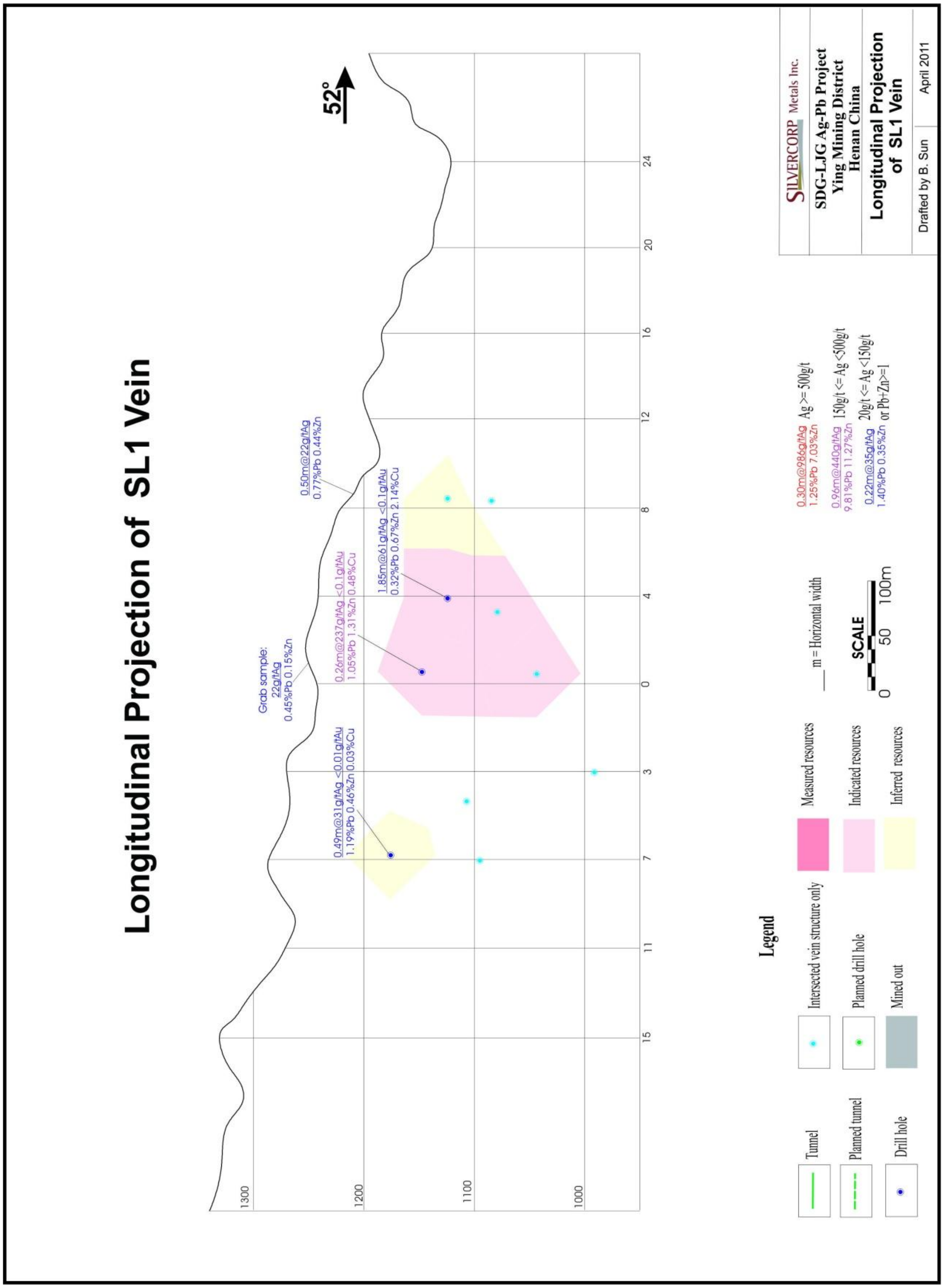

Figure 10-13: SDG-LJG Longitudinal Projection of SL1 Vein

DCG Area

The DCG area, adjacent to the northeast boundary of the Ying exploration permit, 3 km north of TLP, includes 6.4 km^2 of very rugged, forested hills. Surface mapping, trenching and limited tunneling by previous workers defined five NE-trending mineralized veins and one N-S mineralized vein (Figure 10-14). The veins range from 460 m to 3600 m in length and are 0.3m to 2.0m wide. In 2010, Silvercorp drilled 8 NQ-size core holes (2,283.77 m) focused mainly on two veins – C4 and C4E – with several of the 8 holes intersecting mineralization in both veins..

C4 Vein – The C4 vein, in the northern part of the area, strikes NE-SW for more than 1000 m along strike. Massive galena occurs locally along the outcrop. Two of the 8 holes drilled through this vein in the 2010 campaign intersected mineralization in the vein, as follows:

2010 Drill Hole intersections in the C4 vein

Drill Hole	From (m)	To (m)	Horizontal width (m)	True width (m)	Ag (g/t)	Pb (%)	Zn (%)	Au (g/t)	Cu (%)
ZK4002	192.2	194.16	1.02	0.96	7	1.6	0.1	0.00	0.0
ZK4042	60.54	61.86	1.17	0.96	42	2.4	1.4	0.73	0.0

C4E Vein – The C4E vein has a known length of 600 m. Three of the 8 holes drilled through this vein in the 2010 campaign intersected mineralization in the vein, as follows:

2010 Drill Hole intersections in the C4E vein

Drill Hole	From (m)	To (m)	Horizontal width (m)	True width (m)	Ag (g/t)	Pb (%)	Zn (%)	Au (g/t)	Cu (%)
ZK4001	202.34	202.88	0.5	0.47	57	7.8	0.6	0.56	0.1
ZK4002	234.69	235.90	0.84	0.79	12	3.9	0.4	0.05	0.0
ZK4042	214.38	214.74	0.35	0.29	19	4.9	0.0	0.13	0.0

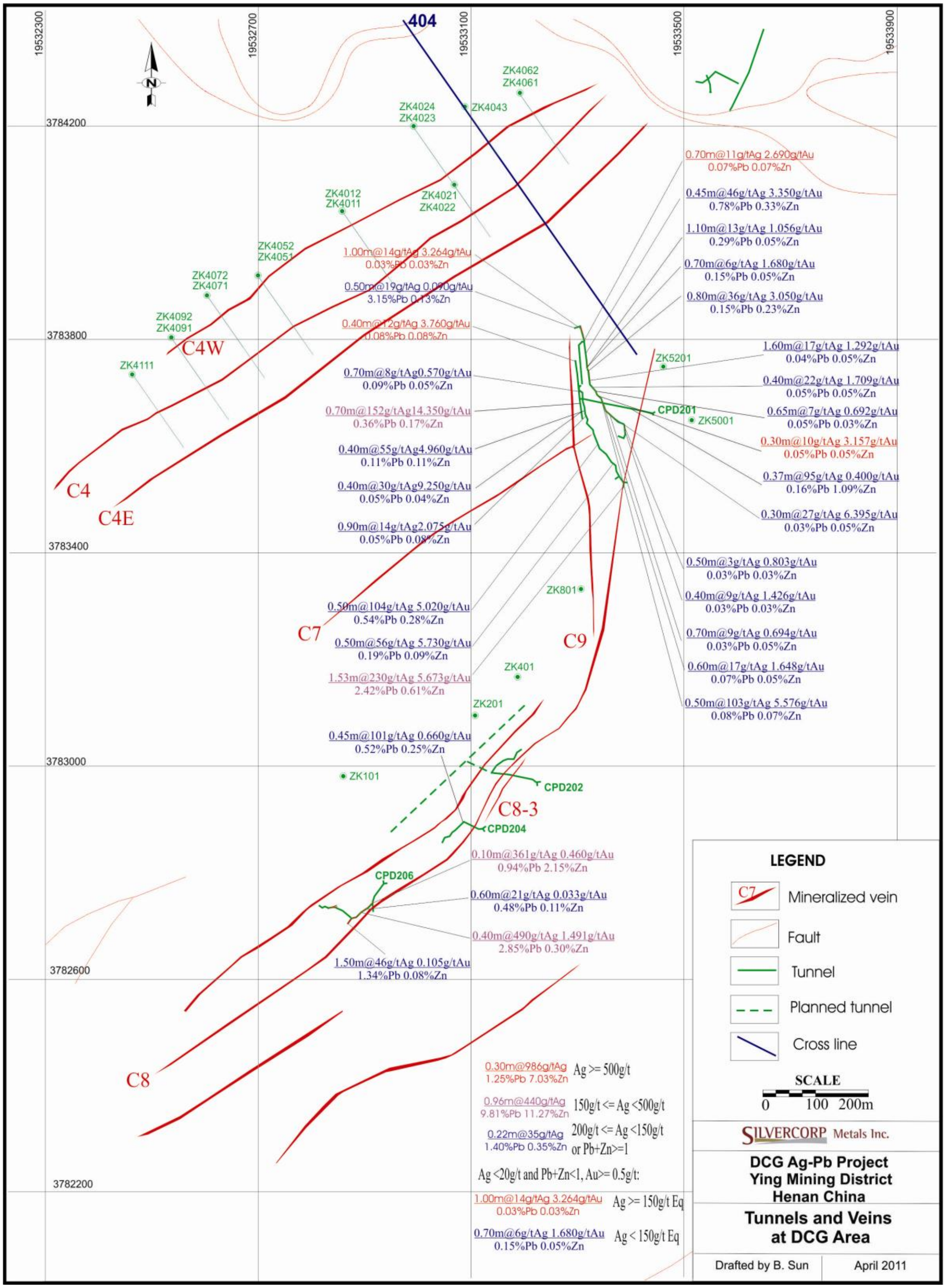

Figure 10-14: Tunnels and Veins at DCG Area

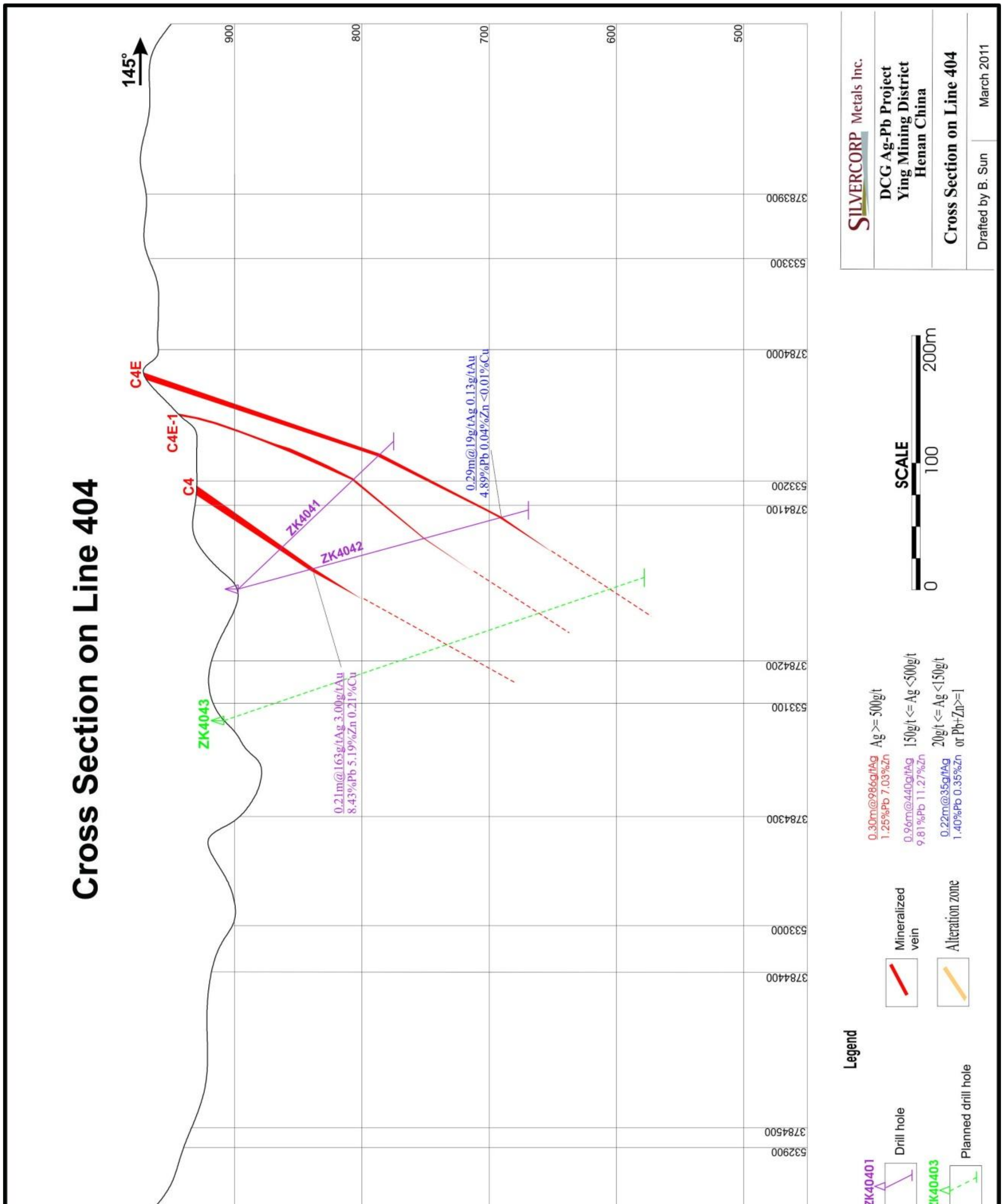

Figure 10-15: DCG Cross Section on Line 404

11.0 TUNNELING AND DRILLING

The Ying District projects have been explored principally from underground workings – tunnels, drifts, crosscuts and declines, typically about 2 x 2 m in size – and by underground long-hole drilling. The workings follow the veins along strike, intersect them at different depth levels, and provide stations for underground diamond core holes. This underground exploration has proved to be the most effective and efficient way to explore and define mineralization in veins due to the pocket-like character of the higher-grade zones and to inexpensive labor costs,

Surface and underground exploration and development activities in 2010 in the TLP and LM mine areas are listed below:

Mine area	Exploration method		# of holes	Total length (m)
TLP	Surface drilling		0	0.00
	Underground drilling		219	38,748.00
	Tunneling	Drift		6,602.50
		Crosscut		4,232.00
		Raise		173.50
		Total	219	11,008.00
LM W	Surface drilling		0	0.00
	Underground drilling		46	17,881.08
	Tunneling	Drift		1,401.40
		Crosscut		856.90
		Raise		172.20
		Total	46	2,430.50
LM E	Surface drilling		0	0.00
	Underground drilling		40	12,861.92
	Tunneling	Drift		867.60
		Crosscut		356.30
		Raise		30.60
		Total	40	1,254.50
REGIONAL (SDG-LJG, DCG)	Surface drilling		0	0.00
	Underground drilling		17	5,167.54
	Tunneling	Drift	0	0.00
		Undercut	0	0.00
		Raise	0	0.00
		Total	17	5,167.54

12.0 SAMPLING METHOD AND APPROACH

Silvercorp carefully documents all sampling and assay results on surface maps, underground level maps and longitudinal sections for all the mining and other target areas in Ying District. Locations and widths of mineralized veins in the underground workings are posted on the maps and sections. The maps are generally also annotated with assay results (Ag-Pb-Zn) from sampling along the veins in order to help characterize and predict mineralization.

The myriad of fault-fissure structures that cut the gneissic bedrock of the Ying Mining Camp are not continuously mineralized. Veins occur intermittently along these structures, appearing and disappearing along strike and dip. Silvercorp's exploration consists of horizontal tunneling along the veins, driving raises or declines to access the veins at other levels. Core drilling is designed to intersect the veins in other locations both laterally and vertically. Such methods are typical of those used elsewhere in the world to explore for vein deposits.

The sampling and assaying of outcrops, drill core, and underground workings is one of the primary tasks in all project areas for the exploration team. The principal sampling method consists of channel samples collected from surface trenches, bedrock outcrops, and underground tunnels and other workings. Samples along veins and outcrops are typically taken at 5 m intervals with the samples cut across the true width of the vein in channels 10 cm wide and 5 cm deep. This yields approximately 3 to 15 kg of material for each 0.3 m to 1.2 m interval, depending on width of the mineralized vein. In some locations the samples are continuous chip samples across the true width of the veins.

Drilling is also used, collecting NQ-sized drill cores (4.8 cm in diameter) from the mineralized zones. Cores are split by sawing with one half retained in the core box for archival purposes and the other half bagged for shipment to the analytical laboratory. Drill core recoveries are influenced by lithology. The rock appears competent, as the mines require no artificial support for underground adits, drifts, inclines, stopes or raises, even over several large expanses. One exception is wide fault zones where wood timbering is necessary to support the broken rock. This considerable rock strength makes drill core recoveries quite good.

During our several site visits to the various project areas in the Ying District, we observed core drilling underway at the surface and in the underground workings, and tunnel sampling underway at numerous places in the workings. We repeatedly reviewed the collection of drill core data, the recording of drill and tunnel assays, and the posting of such information on maps and sections. We conclude that the sampling methods and the handling of sample assay is being carried out in a competent and very professional manner.

13.0 SAMPLE PREPARATION, ANALYSIS AND SECURITY

Channel or surface trench samples are not split prior to being sent to the analytical laboratory. Drill core samples are split by a diamond saw with one half retained for archive, the other half secured in sample bags and shipped to the laboratory. Employees of Found and Huawei, the subsidiaries of Silvercorp, collect the tunnel samples and split the core for sampling.

Sample preparation and analysis of the historical and current samples is done by one of three chosen labs:

1) ALS Laboratory in Guangzhou, China, near Hong Kong – an ISO 9001-accredited facility, used only for check assays in 2010.

2) Number 6 Lab of the Non-Ferrous Metals Geology Prospect Bureau of the Chinese government, located in Luoyang, Henan Province – not used in 2010.

3) Analytical Lab of Henan Non-Ferrous Metals Geological and Exploitation Institute (ALHN)in Zhengzhou, located 225 km NE of the Ying District – served as the primary Lab in 2010.

All three labs are accredited and certified by the Chinese government and are well known and respected for their analytical work in China. Their sample preparation procedures consist of drying, crushing, splitting and weighing of a 200-gram sample, followed by pulverizing to 200-mesh size. The 200-mesh sample split is split again with a 100-gram split used for final assay.

The Number 6 Lab and the Analytical Lab of Henan Non-Ferrous Metals Geological and Exploitation Institute utilize a two-acid digestion and Atomic Absorption Spectrometry (AAS finish) as an assay method on a 0.5 gram sample split for analyzing silver, lead and zinc. This method has a maximum published 500 ppm (g/t) detection limit for silver. Samples above that limit are re-analyzed using a 5 g sample aliquot in a less dilute two-acid digestion and analyzed by AAS. ALHN believes this method has a detection limit of 4000 ppm (g/t) silver. The ALS Laboratory utilizes aqua regia digestion and then uses ICP-AES to analyze for lead, zinc and silver. Samples with more than 500 ppm (g/t) silver are analyzed using conventional Fire Assay methods with a silver detection limit of 10,000 ppm (g/t).

Silvercorp's QA/QC check procedures include inserting standards in the sample batches submitted to the labs on a regular basis and submitting duplicate pulps to an independent external lab on an intermittent basis. Silvercorp does not include "blank" samples. Basic procedures and results are as follows:

***Standards* –** Standards are included in samples sent to ALS. Results to date have been within 3% for lead, zinc and silver values.

***Duplicate pulps* –** Duplicate pulps of samples shipped to other labs are sent to the ALS lab for samples containing more than 50 g/t Ag, 0.5% Pb and/or 0.5% Zn, and also for randomly selected sample pulps. In 2010, 280 duplicate pulps of samples from the TLP and LM mine areas were sent to ALS for check against results returned by ALHN. The average differences between the ALHN analyses and the check analyses were less than 1% for silver and zinc, and 1.2% for lead, returning correlation coefficients of about 95%. These results suggest that the ALHN silver-lead-zinc analyses are probably quite reliable.

In general, the procedures used by Silvercorp for the preparation, security, analysis and checking of samples and sample results appear to be adequate and closely conform to standard industry practices. Nevertheless, it is recommended that Silvercorp insert sample blanks at random into the stream of samples submitted for analysis as a way to monitor possible contamination during the sample preparation stage at the laboratory.

14.0 DATA VERIFICATION

Previous site visits to the Ying District were conducted by the independent authors of the many technical reports completed on the project at various times starting in 2003 and continuing through 2008 (Broili, 2004; Broili, 2005;Xu et al., 2006, Broili and Klohn, 2007,Broili et al., 2006, 2008). In each of these reports, verification samples were collected from the various projects to confirm the presence of mineralization and validity of Silvercorp sampling and data recording. Further verification samples were not collected for this report because: (1) the previous verification sampling has confirmed the presence of mineralization comparable in grade to that being reported by Silvercorp, and (2) all four of the mine target areas have now been producing, shipping and selling commercial ore for periods ranging from one to four years.

To verify the data used in this current Technical Report, the senior independent author (Mr. Klohn) met with company representatives during a 15-day period (April 15 to 27, 2011) at Silvercorp’s office in Vancouver, B.C., Canada. The representatives traveled to Vancouver direct from the project sites bringing with them a vast array of technical information. The information was reviewed and audited in considerable detail. As always, Silvercorp offered unrestricted access to information and responded candidly to all questions and inquiries. In addition, much of this information was sent in digital format to the second independent author of this report (Mr. Broili) who further reviewed and audited the data. The information reviewed by the authors included assay data, maps, long-sections, cross-sections, and a plethora of spreadsheet information. This information, in particular the spreadsheets and long-sections with highly detailed information relevant to mineral resource and reserve estimations, were closely examined for data entry, calculation and posting errors. Mr. Ni, the qualified engineer and non-independent author responsible for the mineral reserves, mining plans and mining economics information included in this report, has been onsite at Silvercorp’s project operations for most of 2010. He is thoroughly familiar with the site details and vast project data.

The information reviewed for this report consists of various reports, maps, surveying data, and geological and geochemical technical data collected by drilling, trenching, tunneling and vein sampling. Much of the information was in Chinese and required translation. Any inconsistencies in the information, data or translations were reconciled to our satisfaction.

Production records confirm that silver, lead and zinc minerals from all four mine sites are being concentrated at the Ying mill sites and subsequently economically recovered at the smelter. The mills use crushing, grinding and spiral separators to liberate minerals containing lead, zinc, copper, gold and silver values with final recovery of the valuable mineral products by concentration in the mill’s zinc and lead froth flotation circuits. The froth flotation concentrate is then dried using disk filters, followed by shipment to a smelter in Zhengzhou where the metals are recovered.

The purpose of our data verification was to verify results of Silvercorp’s exploration activities and confirm resource and production information. It is our opinion that the technical information presented by the company and documented here has been effectively verified for purposes of this report.

15.0 ADJACENT PROPERTIES

Silvercorp now controls all the silver-lead-zinc properties and known mineralized occurrences within the Ying District. There are no known adjacent properties with similar types of mineralization.

16.0 MINERAL PROCESSING AND METALLURGICAL TESTING

16.1 MINERALOGY

Metallic sulfide minerals include galena, sphalerite, pyrite and chalcopyrite. Silver minerals include native silver, argentite-acanthite, freibergite, polybasite, cerargyrite-bromchlorargyrite and canfieldite. The main gangue minerals are quartz, sericite, chlorite, hornblende, feldspars and others. The composition of the minerals in the blended ore sample is listed in Table 16-1 below. A detailed phase distribution of silver is listed in Table 16-2. The findings are based on reports by the No. 6 Brigade, a China based Exploration Company.

Table 16-1: Mineral Composition of the TLP-LM Ore

Sulfides and other Metal Minerals	%	Gangue Minerals	%
Galena	2.1	Carbonate Minerals	42.50
Cerusite	0.5	Quartz	30.0
Anglesite	0.2	Biotite	4.5
Sphalerite	0.2	Chlorite	4.5
Chalcopyrite	0.1	Sericite	2.5
Covellite	0.1	Hornblende	2.0
Pyrite	0.1	Isiganeite	1.5
Hematite + Limonite	6.0	Feldspars	1.4
		Clay Minerals and others	2.1

Note: Galena is fine to coarse-grained (0.1mm-1.5cm).

Table 16-2: Phase Distribution of Silver

Occurrence	g/t	%	Comments
Native Silver	18.7	13.61	Free silver
Silver Sulfides	42.9	31.22	In freibergite, argentite-acanthite, and polybasite
Silver in Sulfides	15.9	11.6	In galena
Silver absorbed by oxides of Fe and Mn	15.5	11.28	
Silver in Halides	42.4	30.86	In bromchlorargyrite
Silver enclosed in gangue minerals	2.0	1-46	
Total	**137.4**	**100**	

Note: Average of 5 samples, data from No.6 Brigade report.

16.2 METALLURGICAL TESTING

The Changsha Design and Research Institute (CDRI) of Non-Ferrous Metal Metallurgy did some metallurgical work for silver and lead materials on the TLP project in 1994. Two representative bulk samples consisting of 110 kg of high-grade ore, 111 kg of wall rocks and 304.5 kg of medium grade ore, totaling 525.5 kilograms, were collected from several crosscuts and undercut drifts for metallurgical testing. The samples consisted of mainly transition ore but also included a small amount of oxide and sulfide materials. One sample (Sample No.1) contained more carbonate rock than the other sample (Sample No.2), which had higher silicate content. Under a closed condition and using an 80% -200 mesh feed the CDRI's lab performed conventional flotation tests and reported the following results (Table 16-3):

Table 16-3: Metallurgical Tests on Sample No.1 and No.2

	Products	Ag (g/t)	Pb (%)	Ag Recovery (%)	Pb Recovery (%)
	Head	187.1	2.37	100	100
Sample No.1	Conc.	5274	66.94	94.71	94.96
	Tail	10.25	0.124	5.29	5.04
	Head	204.89	2.66	100	100
Sample No.2	Conc.	5432	61.65	94.12	82.24
	Tail	12.5	0.49	5.88	17.76

The test work demonstrates that silver and lead can be easily extracted from the mineralized vein material using a conventional flotation process.

16.3 SPECIFIC GRAVITY

A total of 186 samples were analyzed for determination of specific gravity for both ore and waste material from drill core, tunneling production, and trenching materials at the TLP Mine. The results indicate an overall average specific gravity of 2.92 g/cm^3 for ore grade material and 2.74 g/cm^3 for waste, as determined by the wax immersion method for individual hand size samples. The tests were performed by the Analytical Lab of No.6 Brigade of Henan Non-Ferrous Metals Geological and Mineral Resources in 1995.

Mineralization at the TLP Mine has been classified into oxide zone, for materials mined above the 980 m level, and a primary zone, for ore mined from below the 980 m level. The specific gravity for material from the oxide zone is 2.88 g/cm^{3,}; material from the primary zone has a specific gravity of 2.95 g/cm^3.

At the LM Mine, six samples were analyzed for specific gravity using the wax immersion method by the Analytical Laboratory of No. 1 Brigade of Henan Geology and Mineral Resources Bureau, and reported by the Luoyang Mining Industry Development Centre in 2006. The average specific gravity is 3.01 g/cm^3 for ore. Considering the limited number of specific gravity determinations, Silvercorp uses a safely conservative specific gravity of 2.92 g/cm^3 for ore from the LM Mine.

16.4 MINERAL PROCESSING

Silvercorp's Central Mills include the No.1 Mill ("Xiayu Mill," in operation since March 2007) and the No.2 Mill ("Zhuangtou Mill," started operating in January, 2010). Total combined capacity is about 2,600 tonnes/day ("tpd"), which includes 600 tpd from the No. 1 Mill and 2000 tpd from the No. 2 Mill.

16.4.1 Milling Process – No.1 Mill (Xiayu)

The No. 1 Mill was developed based on a comprehensive test work program carried out by the Hunan Research Institute of Non Ferrous Metals on composite mine samples. The designed mass balances of the mill are presented in Table 16-4, below. It is necessary to note that a copper flotation system was added in the last year. Figure 16-1 presents the modified flow sheet of No.1 Mill (Xiayu).

Table 16-4: Designed Mass Balance at the No.1 Mill

Product	Quantity (t)	Product Rate (%)	Pb (%)	Zn (%)	Pb Recovery (%)	Zn Recovery (%)
Ore	600 . 00	100.00	3.18	1.73	100.00	100.00
PbConc	28.62	4.77	60.00	1.95	90.00	5.38
Zn Conc	19.62	3.27	0.95	45.00	0.98	85.00
Tailings	551.76	91.96	0.31	0.18	9.02	9.62

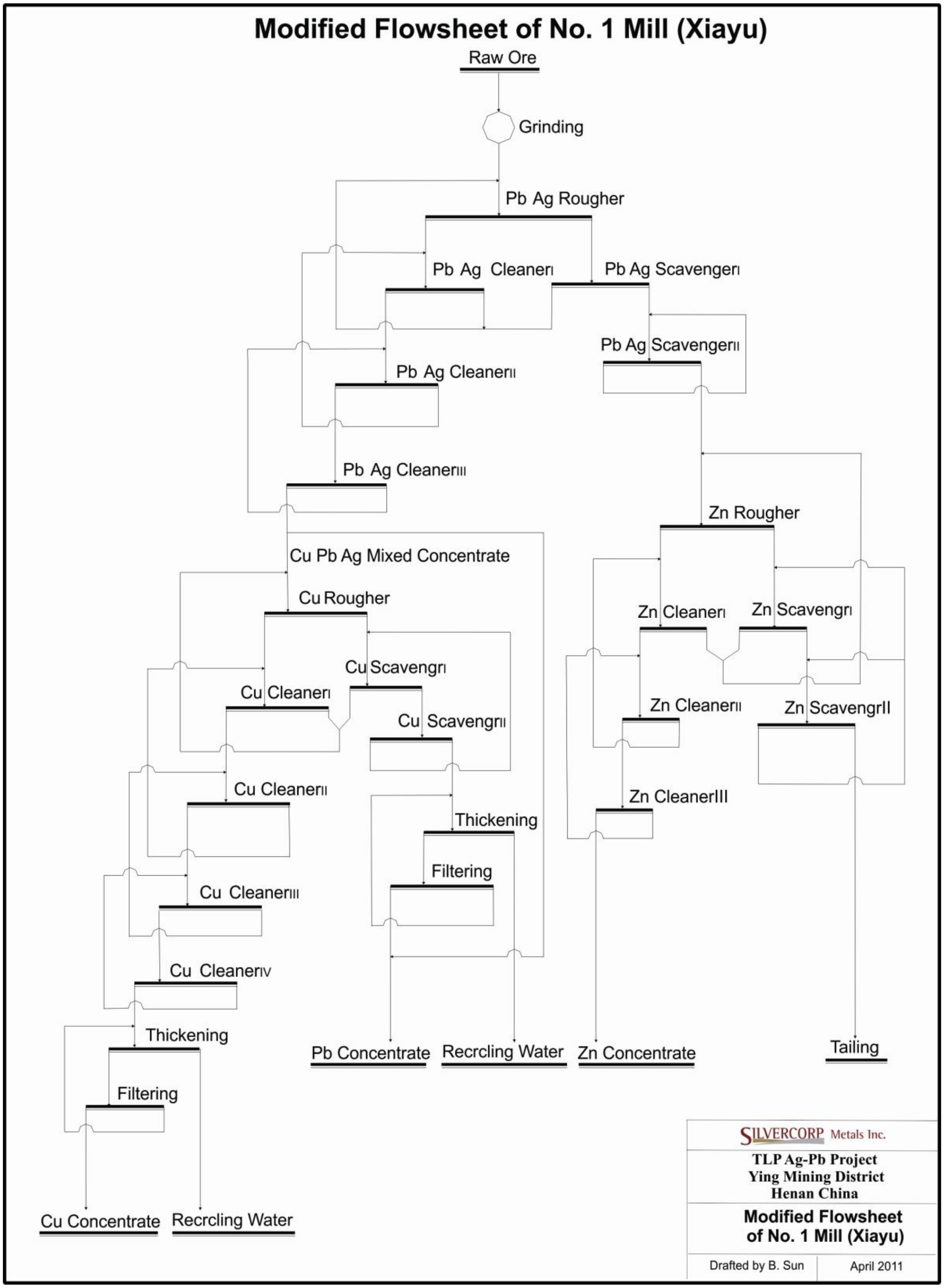

Figure 16-1: Modified flow sheet of No.1 Mill (Xiayu)

Crushing

The crushing is a closed circuit, consisting of two jaw crushers with an oscillating screen. The primary jaw crusher (Model: PEF 500x750) has a closed side setting of 80mm. Discharge from the primary jaw crusher is conveyed to the 15 mm aperture oscillating screen. Ore with a size of larger than 15mm is conveyed to the secondary jaw crusher (Model: PYH-2X cone crusher) which has a close side setting of 15mm. Discharge from the secondary crusher is conveyed back to the 15 mm aperture screen. Discharge from the screen feeds ore bins with a live capacity of 100 tonnes.

Dust from crushing and screening processes is collected by vacuums, captured in cloth bags and then transferred to a process tank. Water is added to the tank to make slurry that is pumped into a pre-flotation tank together with overflow from a ball mill circuit as described below.

Milling

Crushed ore from the live bins is conveyed to a closed milling circuit consisting of a ball mill (Model: TMQG 2100 x 600) and classifier (Model: TG-200). The ball charge is made of Mn-steel balls, with diameters ranging from 60mm to 120mm. The target grind size is 70% passing 200 mesh and the overflow density is maintained at 40% solids by weight when introduced to the flotation cells.

Flotation

- The lead flotation bank consists of one stage of roughing, two stages of scavenging and three stages of cleaning.
- The zinc flotation bank consists of one stage of roughing, two stages of scavenging and three stages of cleaning.
- The copper flotation bank consists of one stage of roughing, two stages of scavenging and four stages of cleaning.

Concentrating

Both lead and zinc concentrates are diluted to 15% solids by weight by adding water for natural settling. The diluted slurries flow to their respective settling containment concrete structure for settling. The settled slurries at the bottom (with approximately 80% solids by weight) are pulped into a ceramic filter setup under the settling structure for dewatering. The moisture content of dewatered lead and zinc concentrates are 5% and 7%, respectively.

Tailings from the zinc flotation circuit are pumped into the tailings dam located at the northern creek located between No.1 Mill and No.2 Mill. The total tailing capacity of this dam is 3,330,000 m^3, with an effective capacity of 2,830,000 m^3 or 4,215,000 tonnes of tailings. The current elevation of the tailings dam is 626.5 m, and can be reached as high as 650 m. A crew of 11 people monitors the tailings dam. Reclaimed process water from the tailings pond is pumped for reuse in the milling process.

To check the result, a set of five samples are usually taken every eight hour shift for a total of 15 samples per 24 hour day. The shift samples include flotation feed from the classifier overflow, lead and zinc concentrates from the 3rd cleaners, and lead and zinc tailings from the last scavengers, respectively. Lead, zinc and silver assays are determined by EDTA (ethylenediaminetetraacetic acid) titration following acid digestion. This method is normally used for high concentration of lead and zinc and moderate silver samples, while an AA finish is used for the lower grade samples. For TLP- LM ore, only three shift samples are taken since the grade of zinc of the feed ore is usually lower than 0.5% and there is no flotation operation for zinc.

16.4.2 Milling Process – No.2 Mill (Zhuangtou)

No.2 Mill (Zhuangtou) is located 2 km to the west of No.1 Mill, and it includes two parallel processing lines. The first line of capacity 1000 t/d has been operating since January, 2010. The second line of capacity 1000 t/d is being installed, and will be put into operation very soon. According to the original design, No.2 Mill can process both Pb and Zn ore and Cu, Pb and Zn ore.

At this time, the Cu flotation system at No.2 Mill is not implemented, so No.2 Mill can only process Pb and Zn ore.

Figure 16-2 presents the flow sheet of No.2 Mill. It was developed based on a comprehensive test work program on composite mine samples completed by the Hunan Research Institute of Non Ferrous Metals. Designed mass balance at the No.2 Mill is shown in Table 16-5, below:

Table 16-5: Designed Mass Balance at the No.2 Mill

(Pb and Zn ore)

Product	Quantity (t)	Product Rate (%)	Pb (%)	Zn (%)	Pb Recovery (%)	Zn Recovery (%)
Ore	1000	100	5.88	5.21	100	100
PbConc	67.2	7.84	2.10	59.61	90.89	9.39
Zn Conc	58.7	7.49	0.45	0.30	2.67	85.67
Tailings	874.1	84.67	0.35	0.23	6.44	4.94

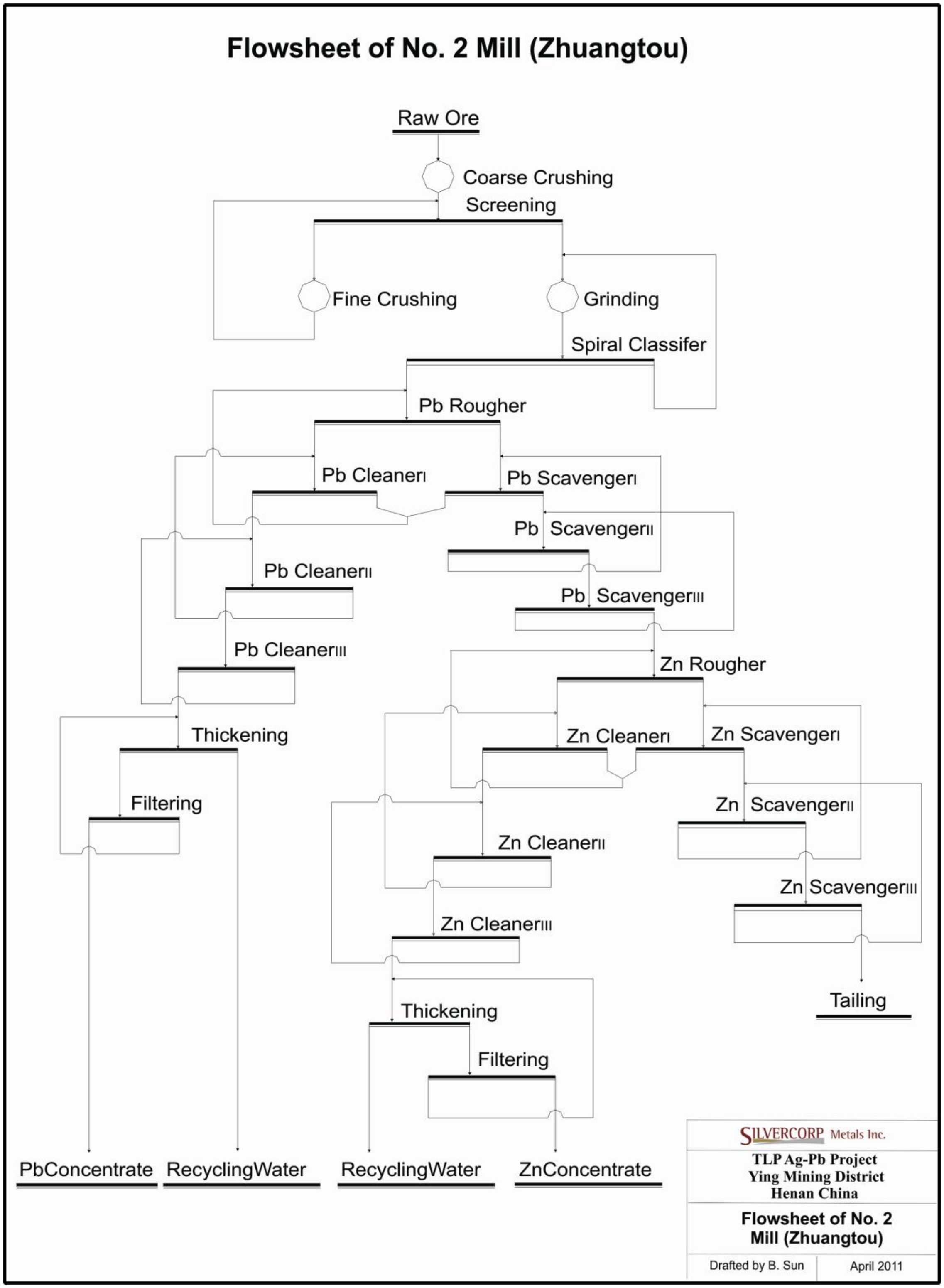

Figure 16-2: Flow sheet of No.2 Mill (Zhuangtou)

A general view of the No.2 Mill is shown as the Appendix -1; crushing, milling and flotation setups of the mill are provided in Appendix -2.

16.4.3 Metallurgical Performance

The No.1 Mill has been operating continuously following commissioning in March, 2007. According to systematical statistic data in 2010, the processing results reveal that Pb recoveries are close to the design expectation from TLP and have exceeded the design expectation from LM ores. Since Zn grades are very low, no Zn concentrate is generated from TLP or LM ores.

The actual mass balances at the No.1 Mill are presented in the Table 16-6 and Table 16-7.

Table 16-6: Actual Mass Balance at the No.1 Mill (TLP ore)

Product	Quantity (t)	Product Rate (%)	Ag (g/t)	Pb (%)	Ag Recovery (%)	Pb Recovery (%)
Ore	115041	100.0	102	2.99	100.0	100.0
PbConc	6520	5.67	1571	46.57	87.28	88.13
Zn Conc						
Tailings	108521	94.33	14	0.38	12.72	11.87

Table 16-7: Actual Mass Balance at the No.1 Mill (LM ore)

Product	Quantity (t)	Product Rate (%)	Ag (g/t)	Pb (%)	Ag Recovery (%)	Pb Recovery (%)
Ore	46150	100.0	240	1.67	100.0	100.0
PbConc	1649	3.6	6003	43.06	89.45	92.00
Zn Conc						
Tailings	44501	96.4	26	0.14	10.55	8.00

17.0MINERAL RESOURCE AND MINERAL RESERVE ESTIMATES

This chapter presents estimates of Mineral Resources and Mineral Reserves for the TLP and LM mine areas of the Ying District using the standards and categories established by the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) in the *CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines* as adopted by the CIM Council on August 20, 2000, and as required by Canadian National Instrument 43-101.

The term "**Mineral Resource**" covers mineralization of *intrinsic economic interest* which has been identified and estimated through exploration and sampling, whereas the term "**Mineral Reserve**" is used for those parts of Mineral Resources whose *probable economic viability* has been demonstrated after considering and applying all mining factors such as technical, economic, legal, environmental, socio-economic and governmental factors. The current Mineral Resource Estimates are discussed in sections 17.1, 17.2 and 17.3 of this chapter; current Mineral Reserves Estimates are presented in section 17.4.

Note: It is important to point out that the "Mineral Resources" defined and presented in sections 17.1 through 17.3 of this chapter are ***inclusive*** of the "Mineral Reserves" which are defined and presented in section 17.4 of this chapter.

17.1 MINERAL RESOURCE CATEGORIES

The mineral resource categories used in this report are those established in the *CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines* as referenced above. These resource definitions are summarized as follows:

> "A **Mineral Resource** is a concentration or occurrence of natural, solid, inorganic or fossilized organic material in or on the Earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge.
>
> "A **Measured Mineral Resource** is that part of a Mineral Resource for which quantity, grade or quality, densities, shape, physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.
>
> "An **Indicated Mineral Resource** is that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.
>
> "An **Inferred Mineral Resource** is that part of a Mineral Resource, for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes."

17.2 RESOURCE BLOCK MODEL AND GEOLOGY

The mining and exploration areas of the Ying District all consists of mineralized veins that closely follow fault structures. The veins along the plane of these structures – and the mineralized bodies they enclose – pinch-and-swell both laterally and to depth. The polygonal block model used in this resource estimation is considered acceptable and applicable for the pocket-like mineralization present in narrow veins of this type. The polygonal block model utilizes detailed cross-sections and longitudinal-sections constructed for each vein. Surface topographic control is taken from 1:10,000 government topographic maps and subsurface control is taken from accurate underground surveys.

17.2.1 Silver-equivalencies

The veins in the Ying District are polymetallic veins that contain several potentially payable metals, specifically silver, gold, lead, zinc and copper, although at this time copper and gold are not recovered from TLP and LM operations. As required by NI 43-101, the grade and quantity of each potentially payable metal are separately reported in the resource tables presented in this report.

Also included in this report are "silver-equivalent" (Ag-equiv) values used by Silvercorp as a convenient way to assess the cutoff grades and quickly compare the tenor and magnitude of these polymetallic veins. The silver-equivalent formula is as follows:

g/t Ag-equiv = + g/t Ag x Ag Recovery
+ g/t Au x Au Price/Ag price x Au Recovery
+ %Pb x Pb price x Pb recovery 22.0462 x 31.1035 / Ag price
+ %Zn x Zn price x Zn Recovery x 22.0462 x 31.1035 / Ag price
+ %Cu x Cu price x Cu Recovery x 22.0462 x 31.1035 / Ag price

The ***metal prices*** currently used in the equivalency calculations for purposes of exploration and comparing estimates of mineral resources are as follows:

Silver (Ag)	US$ 6.50/troy ounce
Gold (Au)	US$ 350.00/troy ounce
Lead (Pb)	US$ 0.40/pound
Zinc (Zn)	US$ 0.45/pound
Copper (Cu)	US$ 1.50/pound

These metals prices are substantially below current market prices for the respective metals, however the prices have approximately the same relative value to each other as the current prices with the exception of silver.

The ***metal recoveries*** used in the equivalency calculations are based on Silvercorp's experience to date for the processing of ores from the TLP and LM areas and are as follows:

	TLP Area	LM Area
Silver (Ag)	87.9%	93.2%
Lead (Pb)	88.5%	93.5%
Zinc (Zn)	70.0%	70.0%

Standard ***unit conversions*** used in the resource calculations and reporting are as follows:

1 troy ounce =	31.1035 grams
1 tonne =	2204.62 pounds

17.2.2 Resource data

The information used to construct the resource block polygons is maintained in a series of complexly linked Excel worksheets maintained for all exploration and mine areas. The worksheets contain a vast amount of individual sample information such as sampling dates, locations, sample numbers, elevations, widths, and assay results, and additionally for drill holes, collar information, down hole survey data, and down hole sample intervals. The data are organized in a manner such that the information can be plotted on vein long-sections and is used to constrain boundaries of the resource block polygons. The information can be readily retrieved and verified – samples on a vein-by-vein basis, and within each vein on a pocket-by-pocket basis – such that widths, grades and tonnages can be calculated if necessary down to very small blocks or areas within each vein.

17.2.3 Resource block parameters

Polygonal resource blocks are constructed on the longitudinal veins sections using the following parameters and procedures:

1. ***Thickness –*** Thicknesses used for resource block calculations represent weighted average of the *horizontal widths* of all samples included in the block area.

2. ***Minimum cutoff thickness*** for mineralization is 0.10 m. Underground channel samples, collected across the veins every 5 to 7 m along the vein, are composited in groups of 5 to represent approximately 25 m of section along the vein.

3. ***Cutoff grades –*** The silver-equivalent cutoff grade for the TLP and LM areas the cutoff grade is 150 g/t. (*Note:* The silver-equivalent cutoff grades do not consider metal recoveries).

4. ***Top cut –*** A statistically determined 9,019 g/t Ag value is used as a top cut for extremely high silver assay values, however only a handful of assays have to date exceeded that value. No top cut is applied to lead, zinc, copper or gold.

5. ***Measured resource blocks*** – defined *strictly* by continuous channel or chip samples taken from tunnels and drifts and projected 20m above and below the tunnels and 20m along strike for the SGX mine. Measured blocks are not defined by drill holes.

6. ***Indicated resource blocks*** – defined as being above and below a measured resource block and are projected no further than 40m away, or they can be defined by drill holes, in which case the blocks are projected up to 80m away to block boundaries defined as mid-points between drill holes.

7. ***Inferred resource blocks*** – Block projections are limited to 160m where veins have been intersected by deep holes, and limited to 80m where the blocks have not been intersected by drill holes. Resource estimate is calculated by applying a "mineralization ratio" (MR). This ratio is based upon the length of the adjacent tunnel or drift along the vein having values above the equivalent-silver cutoff grade divided by the total length of the tunnel or drift. The MR is used to estimate the portion (tonnage) of the inferred resource block above the cutoff grades.

8. ***Weighted averages –*** The estimated grades and thicknesses reported for the vein-by-vein resource estimations in this current report are derived from the weighted average of all measured and indicated blocks on the vein.

9. ***Specific gravities*** used in calculating tonnages of the various resource blocks vary from area-to-area, dependent in part on the grade or character of the mineralization. At TLP, a specific gravity of 2.88 is used for any oxide mineralization and 2.95 is used for any mineralization from below the 980 m level. At LM, a specific gravity of 2.92 is used for all mineralized rock.

10. ***No mining dilution applied* –** The "estimated mineral resources" reported herein are in-situ estimates for which no internal or external dilution has been applied. However, the wall rock surrounding the veins is commonly silicified and usually breaks clean from the wall rock, thus minimizing dilution. Further, the method employed for mining these narrow veins is resuing stoping which separately breaks and removes ore from the wallrock.

11. ***Excludes mined-out areas* –** Areas mined-out as of November 30, 2009, are excluded from the resource blocks.

12. ***Includes mineral reserves* –** The "estimated mineral resources" reported herein *are inclusive* of the "estimated mineral reserves" which are separately reported in Section 17.4 of this chapter.

17.3 MINERAL RESOURCE ESTIMATES

The total estimated mineral resources of the SGX and HZG area, reported by category, are summarized in the following tables. Subsequent tables (in the Appendices) present detailed vein-by-vein resources for each of the mine areas. The following notes/comments are of particular importance as regarding the resources reported in the tables:

1. ***Note 1****:* As mentioned previously, the mineral resource estimates tabled in this section are ***inclusive of mineral reserve estimates*** which are presented in section 17.4 of this Chapter.

2. ***Note 2****:* As mentioned previously, the mineral resource estimates tabled in this section report total estimated in-situ tonnes ***without taking into account mining dilution***.

3. ***Note 3:*** As mentioned previously, the mineral resource estimates tabled in this section also report ***"Ag-equiv."*** (silver-equivalent) grades and quantities as a convenient way to compare tenor and magnitude of these polymetallic veins. Gold and copper, where reported in the tables, are not currently recovered from these two operations and are therefore excluded from the reported equivalency calculations. The recovery factors used are:

	TLP Area	LM Area
Silver (Ag)	87.9%	93.2%
Lead (Pb)	88.5%	93.5%
Zinc (Zn)	70.0%	70.0%

4. ***Note 4:*** The mineral resource estimates tabled in this section separately report the grades of each potentially payable metal as required by NI 43-101. The tables also report the estimated quantities of each potentially payable metal as ***"contained metals."*** These "contained metal" estimates assume the same metallurgical recoveries which are used in the silver-equivalency calculations as listed above.

17.3.1 Measured and Indicated Mineral Resource Estimates

Cautionary Note to U.S. Investors concerning estimates of Measured and Indicated Resources: The following resource tables use the terms "measured" and "indicated." U.S. investors are advised that these terms are not recognized by U.S. Securities and Exchange Commission. The estimation of measured resources and indicated resources involves greater uncertainty as to their existence and economic viability than the estimation of proven and probable reserves. U.S. investors are cautioned not to assume that mineral resources in these categories will be converted into reserves.

TLP & LM MINE AREAS
Measured & Indicated Mineral Resource Estimates
Inclusive of Mineral Reserves

Mine Area	Wtd. Horiz. Width (m)	Tonnes (t)	Ag (g/t)	Ag (oz/t)	Pb (%)	Zn (%)	Cu (%)	Au (g/t)	Ag-eq (g/t)	Contained Metal Resource Ag(t)	Ag(oz)	Pb(t)	Zn(t)	Cu(t)	Au(kg)	Ag-equiv (oz)
MEASURED MINERAL RESOURCES ≥ 150 G/T AG-EQUIV.																
TLP	0.90	395,855	170	5.46	4.72	0.25	0.07	0	323	67.19	2,160,163	18,703	979	36	24	4,110,392
LME	0.57	60,011	458	14.7	2.47	0.36			523	27.5	883,507	1,481	217			1,008,471
LMW	0.66	83,246	457	14.7	3.24	0.34			552	38.1	1,223,634	2,698	285	-	-	1,477,489
total		**539,111**	**246**	**7.2**	**4.24**	**0.27**			**381**	**132.7**	**4,267,304**	**22,882**	**1,481**	**36**	**24**	**6,596,352**
INDICATED MINERAL RESOURCES ≥ 150 G/T AG-EQUIV.																
TLP	1.01	1,636,896	227	7.3	4.13	0.32	0.13	0.14	351	67.2	11,952,925	67,558	5,271	212	225	18,495,239
LME	0.80	334,050	475	15.3	2.97	0.65			558	158.7	5,103,007	9,934	2,163			5,997,085
LMW	1.01	305,825	382	12.3	3.61	0.37			496	116.9	3,756,839	11,047	1,128	-	-	4,881,465
total		**2,276,771**	**151**	**4.4**	**3.89**	**0.38**			**401**	**342.8**	**20,812,771**	**88,540**	**8,561**	**212**	**225**	**29,373,790**
MEASURED+INDICATED MINERAL RESOURCES ≥ 150 G/T AG-EQUIV.																
TLP	0.99	2,032,751	216	6.9	4.24	0.31	0.12	0.12	346	67.2	14,113,088	86,261	6,250	240	250	22,605,632
LME	0.77	394,060	587	18.9	3.64	0.77			689	231.4	7,439,978	14,334	3,032			8,724,838
LMW	0.93	389,071	398	12.8	3.53	0.36			508	154.9	4,980,474	13,745	1,413	-	-	6,358,954
total		**2,815,882**	**161**	**4.7**	**4.06**	**0.38**			**416**	**453.5**	**26,533,540**	**114,341**	**10,694**	**240**	**250**	**37,689,423**

For a vein-by-vein breakdown of the Mineral Resource Estimates in the TLP and LM mine areas, please refer to the Appendix attached to this report.

17.3.2 Inferred Mineral Resource Estimates

Cautionary Note to U.S. Investors concerning estimates of Inferred Resources: The following resource tables use the term "inferred." U.S. investors are advised that this term is not recognized by U.S. Securities and Exchange Commission. The estimation of inferred resources involves far greater uncertainty as to their existence and economic viability than the estimation of other categories of resources. U.S. investors are cautioned not to assume that estimates of inferred mineral resources exist, are economically mineable, or will be upgraded into measured or indicated mineral resources.

TLP&LM MINE AREAS
Inferred Mineral Resource Estimates
(as of December 31, 2010)

Mine Area	Wtd. Horiz. Width (m)	Tonnes (t)	Ag (g/t)	Ag (oz/t)	Pb (%)	Zn (%)	Cu (%)	Au (g/t)	Ag-eq (g/t)	Contained Metal Resource Ag(t)	Ag(oz)	Pb(t)	Zn(t)	Cu(t)	Au(kg)	Ag-equiv (oz)
INFERRED MINERAL RESOURCES ≥ 150 G/T AG-EQUIV.																
TLP	0.95	2,564,172	144	4.6	2.82	0.21	0.08	0.08	230	67.2	12,033,702	70,892	5,553	195	217	18,968,704
LME	0.62	132,505	454	14.6	2.91	0.60			536	60.1	1,932,105	3,856	789			2,282,474
LMW	1.09	117,535	302	9.7	3.29	0.27			409	35.5	1,140,504	3,869	323	-	-	1,546,307
total		**2,814,212**	**58**	**1.7**	**2.79**	**0.24**			**252**	**162.8**	**15,106,312**	**78,617**	**6,665**	**195**	**217**	**22,797,485**

17.4 MINERAL RESERVE ESTIMATES

The mineral reserve categories used in this report are those established in the *CIM Standards on Mineral Resources and Reserves, Definitions, and Guidelines* as referenced above. The reserve definitions and categories are as follows:

Mineral Reserve

"Mineral Reserves are sub-divided in order of increasing confidence into Probable Mineral Reserves and Proven Mineral Reserves. A Probable Mineral Reserve has a lower level of confidence than a Proven Mineral Reserve.

"A Mineral Reserve is the economically mineable part of a Measured or Indicated Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A Mineral Reserve includes diluting materials and allowances for losses that may occur when the material is mined.

"Mineral Reserves are those parts of Mineral Resources which, after the application of all mining factors, result in an estimated tonnage and grade which, in the opinion of the Qualified Person(s) making the estimates, is the basis of an economically viable project after taking account of all relevant processing, metallurgical, economic, marketing, legal, environment, socio-economic and government factors. Mineral Reserves are inclusive of diluting material that will be mined in conjunction with the Mineral Reserves and delivered to the treatment plant or equivalent facility. The term 'Mineral Reserve' need not necessarily signify that extraction facilities are in place or operative or that all governmental approvals have been received. It does signify that there are reasonable expectations of such approvals."

Probable Mineral Reserve

"A 'Probable Mineral Reserve' is the economically mineable part of an Indicated and, in some circumstances, a Measured Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified."

Proven Mineral Reserve

"A 'Proven Mineral Reserve' is the economically mineable part of a Measured Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified.

"Application of the Proven Mineral Reserve category implies that the Qualified Person has the highest degree of confidence in the estimate with the consequent expectation in the minds of the readers of the report. The term should be restricted to that part of the deposit where production planning is taking place and for which any variation in the estimate would not significantly affect potential economic viability."

17.4.1 Cut-off Grade Determination

Cut-off grades for the deposit were calculated using the financial model. The following definitions were used:

- **Mineral Reserve** = mineral resource *mining recovery/mining dilution;
- **Gross Revenue** = mineral reserve* metallurgical recovery * metal price;
- **Off-site Costs** = concentrate transport, insurance, bagging;
- **On-site Direct Operating Costs** = mining, hauling, milling, general and administrative costs;
- **Total Cash Operating Cost** = off-site and on-site direct operating costs;

- **Capital Expenditure** = capital costs required for construction and project start-up and ramp up;
- **Sustaining Capital Cost** = capital costs incurred after capital expenditure;
- **Break Even Grade** = (gross revenue) - (total cash operation operating costs) - (sustaining capital cost);
- **Mine Cut-off Grade** = (gross revenue) - (total cash operation operating costs);
- **Mill Cut-off Grade** = (gross revenue) **-** (off-site costs) **-** (milling cost) – (G&A cost)

The cut-off grade (Ag-Equiv.) is shown in the following Table 17-1 uses an average selling price, milling recoveries and operational costs of 2010 in the 2011 Silvercorp fiscal year.

Table 17-1: Parameters of Cutoff Grade calculation (2010)

	Items	Units	TLP	LM
Metal prices (2010)	Au	US $ /OZ	900.00	900.00
	Ag	US $ /OZ	18.00	18.00
	Pb	US $ /pd	0.83	0.83
	Zn	US $ /pd	0.67	0.67
	Cu	US $ /pd	2.40	2.40
Operation costs (2010)	Mining cost	US $ /t	36.00	37.00
	Sustainable capital	US $ /t	21.49	22.10
	Hauling cost	US $ /t	3.00	3.00
	Milling cost	US $ /t	12.00	12.00
	G&A cost	US $ /t	2.00	3.50
	Subtotal	US $ /t	74.49	77.60
Mill recovery (2010)	Au	%		
	Ag	%	87.90	93.20
	Pb	%	88.50	93.50
	Zn	%		
	Cu	%		
Cutoff grade	**Ag Equiv**	**g/t**	**146.43**	**143.87**

17.4.2 Mining Dilution

Dilution is the ratio of waste to ore. The following three types of dilution were considered, as explained below and shown in Figure 17-1.

Internal dilution: Dilution within the vein is the volume of material inside the vein that is below the mine cut-off grade. This may be referred to as incremental ore tonnage that will be recovered in the mining operation.

External dilution: Dilution outside the vein is the volume of material recovered outside the vein, which is unavoidable for maintaining a minimum mining width.

Mining dilution: Dilution outside the vein is the over-breaking and caving due to mining operation.

Based on actual mining data from the TLP and LM mines, the shrinkage stope dilution rate is about 30%, the resuing stope dilution rate is about 25%, and the residual-recovering stope dilution rate is about 30%.

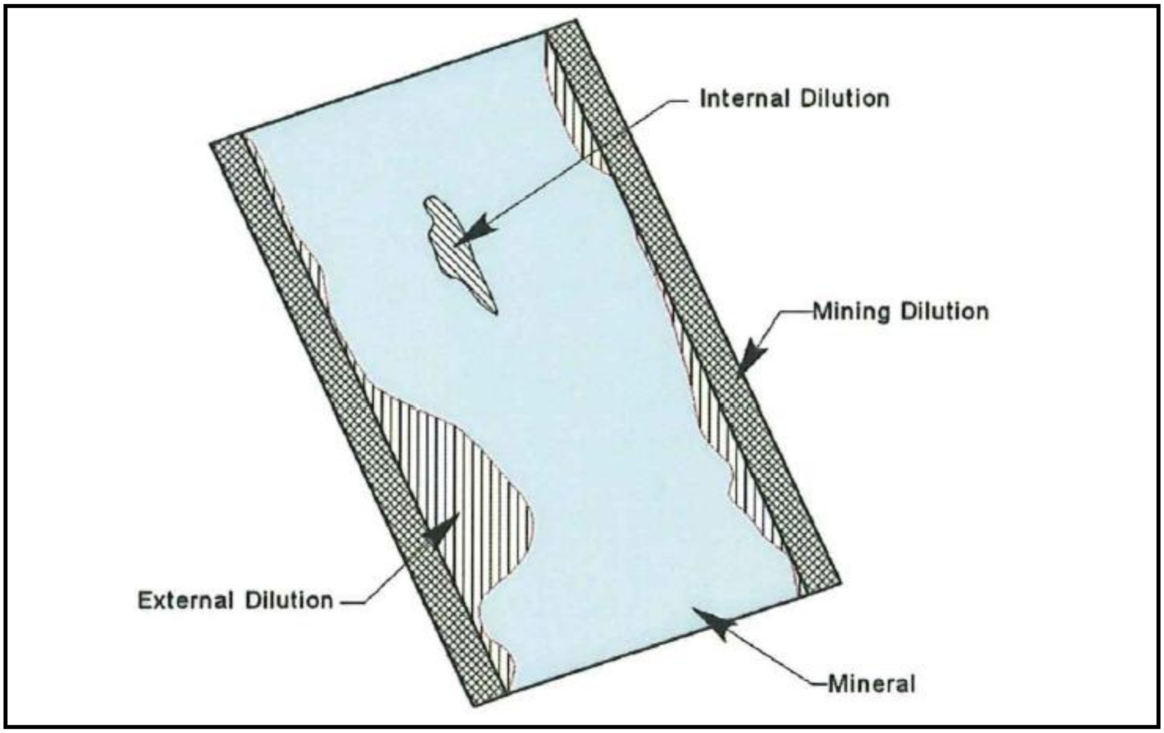

Figure 17-1: Dilution by Type

17.4.3 Mining Recovery

The mining recovery assumes that minimal pillars will remain in the veins. The stope crown pillar is unlikely to be recovered. There is the potential to recover the stope side pillar at the end of stope mining, but part of the ore is lost in stope during mining operations.

Based on actual mining data from the TLP and LM mines, the shrinkage stope recovery rate is about 92%, the resuing stope's recovery rate is about 95%, and the residual-recovering stope recovery rate is about 70%.

17.4.4 Ag Equivalent Calculation

The silver equivalent (Ag-Equiv.) determination is performed based on the individual grades calculated after applying mining recovery and dilution factors. Table 17-2 presents long term metal prices and actual milling recoveries used in this formula.

g/t Ag-equiv = + g/t Ag x Ag Recovery
+ g/t Au x Au Price/Ag price x Au Recovery
+ %Pb x Pb price x Pb Recovery x 22.0462 x 31.1035 / Ag price
+ %Zn x Zn price x Zn Recovery x 22.0462 x 31.1035 / Ag price
+ %Cu x Cu price x Cu Recovery x 22.0462 x 31.1035 / Ag price

Where: 1 metric tonne = 2204.622 pounds
1 troy ounce = 31.1035 grams

Table 17-2: Ag Equivalent, Metal Prices, and Milling Recoveries

Metals	Units	Metal Prices	Milling Recovery, % TLP	Milling Recovery, % LM
Silver	US$/oz	6.50	87.9	93.2
Lead	US$/lb	0.40	88.5	93.5
Zinc	US$/lb	0.45	N/A	N/A

Note: metal prices use a long term projected numbers.

17.4.5 Mineral reserve estimates

To convert mineral resource to mineral reserve, Silvercorp uses the following procedures:

1. Select the resource polygons whose average Ag Equiv. grade is greater than the mine cut-off grade;
2. Calculate the utilizable resources by subtracting: (a) the mine pillars including the safety pillar; (b) the resources below the mine cut-off grade, and (c) the resources that cannot be utilized at 2011 average metal prices in the Silvercorp fiscal year.
3. Estimate the mineral reserve by applying appropriate mining recoveries and dilutions.

It is noted that mining loss is about 30% from the TLP residual-recovering Stopes above the 730m level where they were incompletely mined by local miners, prior to Silvercorp acquiring the property.

The Mineral Reserve Estimate of the TLP and LM on December 31, 2010 is summarized below:

Table 17-3：Summary of Mineral Reserve in TLP and LM
(December 31, 2010**)**
(Mining Dilution and mining loss Included)

	Mine Area	Tonnes (t)	Au (g/t)	Ag (g/t)	Pb (%)	Zn (%)	Cu (%)	Ag-equiv (g/t) [1]	Au (oz)	Ag (oz)	Pb (t)	Zn (t)	Cu (t)	Ag-equiv (oz) [2]
Proven	TLP	364,599		126	3.96			257		1,476,987	14,438			3,015,409
	LM	131,462		393	2.48			448		1,661,053	3,260			1,892,742
	Total	**496,061**		**197**	**3.57**			**308**		**3,138,040**	**17,698**			**4,908,151**
Probable	TLP	1,585,315		161	3.61			275		8,206,013	57,230			14,004,899
	LM	798,413		312	2.46			375		8,008,901	19,641			9,615,456
	Total	**2,383,728**		**212**	**3.22**			**308**		**16,214,914**	**76,871**			**23,620,355**
Proven+Probable	TLP	1,949,914		154	3.68			271		9,683,000	71,668			17,020,307
	LM	929,875		323	2.46			385		9,669,954	22,901			11,508,199
	Total	**2,879,789**		**209**	**3.28**			**308**		**19,352,954**	**94,569**			**28,528,506**

Note: [1] Ag-equiv grades and [2] contained metal quantities consider the actual metallurgical metal recoveries

18.0 MINERAL DEVELOPMENT AND PRODUCTION ANALYSIS

18.1 MINE ACCESS, INFRASTRUCTURE, MANPOWER, SAFETY, ENVIRONMENT

Mine Site Access

The TLP and LM mines are 15 km southeast of Silvercorp's central milling complex and are serviced by 20 km of paved roads. Ore from the mines is shipped to the mill using Chinese-built 30-tonne haulage trucks. Silvercorp recently constructed a total of 1.6 km of bypass roads which eliminated haulage though the small town of Chongyang. It takes approx. 50 minutes for a 30-tonne truck to make a trip from ore stock piles at the TLP and LM mines to the mill. See the Figure 5-1 in the Chapter 5.

Infrastructure

Major surface infrastructure in TLP/LM mines includes:

- Office and accommodation facilities see Appendix 18-1 for detail.
- Power transformer stations
- Explosive magazines
- Maintenance workshops
- Air compressor stations
- Ore stockpiles
- Waste Dumps

No significant geotechnical issues were observed with respect to the surface infrastructure.

The preliminary design for the Zhuangtou Tailings Storage Facility (TSF) was done by the Maanshan Engineering Exploration and Design Institute (Report dated March 2006). Its capacity is about 2,830,000 m^3; designed maximum elevation is 650 m.

Currently, The Zhuangtou TSF (located within the Donggou valley) provides tailings disposal for all mines in the Ying District. Its level has reached 626.5 m. Based on production capacity 2600 tpd of the Ying district, service life of the Zhuangtou TSF is just a few more years, so Silvercorp is building the second Tailing Storage Facility near the No. 2 Mill. General condition of the Zhuangtou TSF is shown in Appendix 18-2.

Manpower

The TLP/LM mines have approximately 727 workers on site. The mine itself employs a staff of 130 people. This includes 1 superintendent, 4 executive superintendent, 9 mining engineers, 12 geologists, 4 surveyors, 3 safety officers, 2 ore sorting controllers, etc.

The TLP mine is operated by the following mining and drilling contractors that have in total hired 332 workers:

- Luoning Xinsheng Engineering Ltd. – 30 workers, operates at PD820;
- Luoning Daqian Engineering Ltd – 86 workers, operates at PD780 ;
- Luoning Jinping Engineering Ltd – 63 workers, operates at PD960;
- Sanyi Engineering Ltd. – 105 workers, operates at PD730.

- Silvercorp drilling team– 48 workers, operates underground at the TLP mine.

The LM mine is operated by the following two mining contractors that have in total hired 265 workers:

- Luoning Xinsheng Engineering Ltd. – 122 workers, operates at PD924 and PD991;
- Sanyi Engineering Ltd. – 89 workers, operates at PD900 and PD838.
- Silvercorp drilling team– 54 workers, operates underground at the LM mine.

Occupational Health and Safety

The following OHS (Occupational Health and Safety) management components are in place for TLP/ LM mines:

- There are OHS departments at TLP and LM mines that have3 safety officers.
- The OHS departments provide safety training, enforce OHS policies and procedures, make recommendations on mine safety issues, and carry out daily inspections of the underground workings and explosive usage.
- Each mining contractor is required to appoint one to two safety officers of their own based on workforce sizes.
- Safety committees comprising 10 members are maintained for the TLP and LM mines. These safety committees are headed by the General Manager of Henan Found and made up of the Deputy General Manager, Mine Superintendent, Safety Department Supervisor, and representatives of mining contractors. The committees are coordinated by each mine’s Safety Department and mine management and safety officers are required to have valid mine safety training certificates issued by the Provincial Bureau of Safe Production and Inspection.
- Insurance policies covering death and injury have been purchased for all of the staff and workers in the mines.
- The mine and mining contractors supply PPE (Personal Protective Equipment) to their own staff and miners. PPE includes hard hats, steel-toed safety boots, work gloves, face masks, safety glasses, and ear plugs.
- A contract with the Luoning County General Hospital covers treatment of injured workers from all Silvercorp mines, except those injuries that can be treated at the mine clinic.

The following OHS policies and procedures have been established in TLP and LM mines, in line with the Chinese health and safety laws and regulations:

- Personal responsibilities of safe production for all management, staff and contractors have been defined;
- Policies for daily, monthly and quarterly safety inspections;
- Safety training policies.
- Accident reporting policies.
- High-risk source monitoring policies.
- Correction policies of safety rule breach.
- Safety management policies for equipment.
- Safety incentive and punishment policies.
- OHS record-filing policies.
- Operating procedures for underground mining equipment.

Environmental Protection

Potential Environmental Management Liabilities mainly include:

- Dust generation and management;
- Mine water discharges;
- Tailing storage management
- Waste rock management.

Dust Emissions

The dust generation sources are primarily from vehicle movements and materials handling. The operational dust management measures mainly comprise:

- Regular wetting of roads, waste rock stockpiles and underground mucking sites;
- Dust suppression and collection equipment on materials handling system;

Waste mine water discharge

The mine discharge water is treated in settling ponds to meet discharged water requirements of less than 0.012 mg/l Pb and less than 1.02 mg/l Zn to satisfy "National Surface Water Quality Standard", GB3838-2002II water discharge standard.
For TLP/LM mines, water is distributed throughout the mines. There is no return of mine water to the environment at this time. Both mines have been considered dry mines historically and had no difficulties with water treatment. Silvercorp will monitor this situation and design a water treatment facility if necessary.

Waste rock management

Waste rock that has acceptable levels of lead and zinc can be dry stacked at surface. It is rehabilitated, when inactive.

18.2 GEOTECHNICAL AND HYDROLOGY

Geotechnical

Ore bodies occur in altered rock along structurally controlled planes of weakness (faults and tension cracks). Hanging wall and footwall rocks are predominantly comprised of altered gneiss, cataclastic rocks and tectonic breccias. Strength of altered gneiss is lower than that of unaltered rock, but higher than the tectonic breccias and cataclastic rocks. Ore bodies are also controlled by geological structures. There are potential geotechnical problems in local areas, but the rock condition is generally favorable from a stability perspective.

Rock mechanics studies show that the host rocks in the TLP and LM mines are competent and require minimal ground support. In general, the mine development and stopes are left unsupported. For those sections of regular tunnels with well-developed shear zones and faults, timber is used to provide ground support. However, these sections are short and of minor importance in relation to the overall mine development. If ground condition is poor in shafts and service chambers, shotcrete, shotcrete with rock bolts or shotcrete with rock bolts and steel-mesh-screen is applied to provide support.

Hydrology

The mines are located adjacent to surface watersheds. The natural rainfall and mine water drainage benefit from the rugged landscape. Groundwater recharge is limited, and the aquifer is relatively poor. Hydrogeologic conditions are of the simple type; dominated by fracture filling water.

The main aquifers in the mines consist of weathered fractured and brecciated bedrock in water-bearing zones. Unweathered and unbrecciated metamorphic and igneous rock units beneath the weathering zone are basically impermeable and treated as impermeable layers. Altered gneiss and diabase dikes occurring in the hanging wall and footwall of the structural zones display high impermeability.

The TLP mine inflow forecast study was conducted at the 700 m level of PD 730: normal water inflow was 360 m^3/d, and the maximum measured water inflow was 960 m^3/d.

The LM mine inflow forecast study was conducted at the 650 m level of PD 900: normal water inflow was 600 m^3/d, and the maximum water inflow was 840 m^3/d.

18.3 POWER AND WATER SUPPLY

Two 10KV high-voltage lines lead to the mines from the Luoning Chongyang 35KV Substation. One is the 10KV Chong-dong line, the other is the 10KV Chong-long line. Total consumable capacity is about 3715KVA: TLP- 2515KVA; LM- 1200KVA.

Water consumption at the TLP and LM mines is minimal. Water is primarily used for drilling, clearing the drill bits, and suppressing dust. At present, the source of water is local creeks, and established 100~200 m^3 water ponds at each adit portal. Both quality and quantity of water from creeks is sufficient to meet the mine requirements.

18.4 MINE DEVELOPMENT

An efficient underground mine development system is the key to reducing capital investment, lowering production cost, and increasing profitability. Each individual mine site must utilize a reliable and cost-effective underground development design based on geometry of ore veins, mining techniques, and mining/transport equipment.

Because the mines are located in narrow side valleys, horizontal adits provide easy access from the surface to the veins. Most operating levels do not have their own access portal but connect with blind shafts or blind declines in the TLP and LM mines.

Mine Development – TLP

The TLP mine utilizes a combination mine development system of adits, blind declines and blind shafts. Since several ore veins occur in a tight area, this development system can be shared at the same level. Basically, miners use the adit development system to access ore veins at the 730m level and above, for example: PD780, PD 800, PD 840, PD 890, and PD 930 and PD960. A combined adit, blind decline and blind shaft system is used to access ore veins between 730m level and 510m level.

A total of seven levels have been constructed below the 960 m level, namely 700 m, 730 m, 780 m, 800 m, 840 m, 890 m, and 930 m levels, with inter-level intervals spaced from 20m to 50m apart. These levels are inter-connected by blind declines and blind shafts. The 960m level drift is currently utilized as the main ventilation adit. The mine development system at TLP mine is shown in Figure 18-1.

Mine development phases are planned in two parts. The first part is to fully utilize existing workings in 700 m, 730 m, 780 m, 800 m, 840 m, 890 m, and 960 m levels to recover residual ore. The second part is to quickly access ore veins below the 700m level by constructing blind declines, blind shafts, and drifts.

1) A two-stage blind decline (25^o) with stairs has been completed from the 730 m level to the 510 m level from exploration line 21, using a 2.6m by 2.4m arched section.

2) A steeper (35^o) blind decline has been finished from the 730 m level to the 690m level from exploration line 55, using a 2.6m by 2.4m arched section. A second stage blind decline (25^o) with stairs is planned to be constructed from the 690 m level to the 510 m level from exploration line 49, using a 2.6m by 2.4m arched section.

3) A two-stage blind shaft equipped with a single railcar cage and ladder way is planned to be constructed from the 730m level to the 665 m level and then to the 510m level at exploration line 31. It is designed to be 3.5 m in finished diameter.

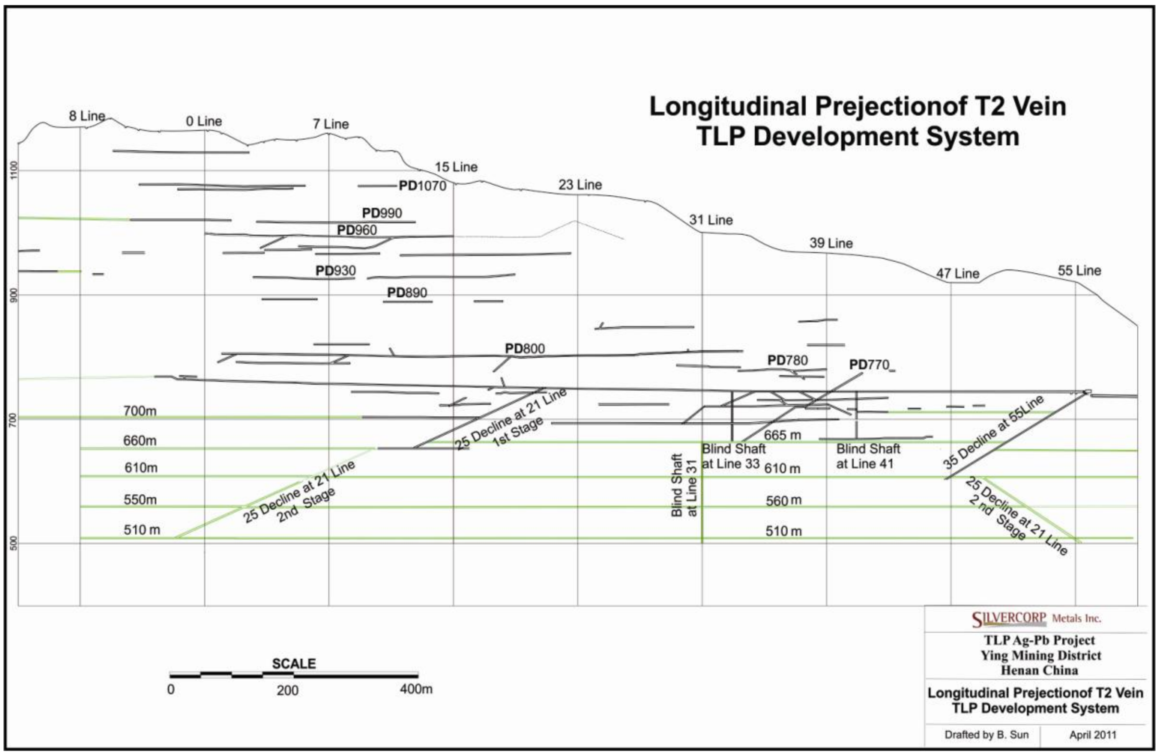

Figure 18-1: Mine development system at TLP mine

Mine Development – LM

Active mining operation at the LM mine has been in place for many years. Due to the dispersed nature of the ore veins, the LM mines are further divided into two adjacent mining camps, Xigou and Donggou. The Xigou camp consists of two combined adit, blind shaft and blind decline development systems (PD 991 and PD 924). The Donggou camp utilizes an adit and blind shaft development system (PD 900).

The Xigou PD924 development system accesses veins at the 969 m, 924 m, 900 m, and 870 m levels. The main ventilating fan is installed at the entrance of the PD969 portal that is dedicated for air-return purposes. Adit 924 is the main transport level. A blind shaft and a two-stage blind incline provide passage to the 900 m level and the 870 m level from the 924 m level. The blind shaft serves to hoist ore and waste while the decline allows access for mine personnel. Ventilation raises at the 900 m and 870m levels are also connected with upper levels, providing additional passages for mine personnel in case of emergency.

The Xigou PD991 development system provides access to veins at the 991 m, 960 m, and 910 m levels. A blind shaft located inside the main adit offers access to the 910 m level. Additional passages are provided by two blind declines connecting the 910 m level and the 960 m to 991 m levels. Ventilation raises linking the 910 m level and the 960 m level permit emergency exit ways for mine personnel.

To quickly explore and exploit the deep mineral resource, a ramp (12% grade) has been planned from the 975m level (portal) to the 552m level. See Figure 18-2 for details.

Donggou PD900 utilizes an adit and blind shaft development system that provides access to veins at the 838 m, 810 m, 750 m, 700 m, and 650 m levels. The Adit PD900 is the ore-hoisting passage. A ventilation raise below the 838 m level has been designed to serve as an air return and provide an emergency exit.

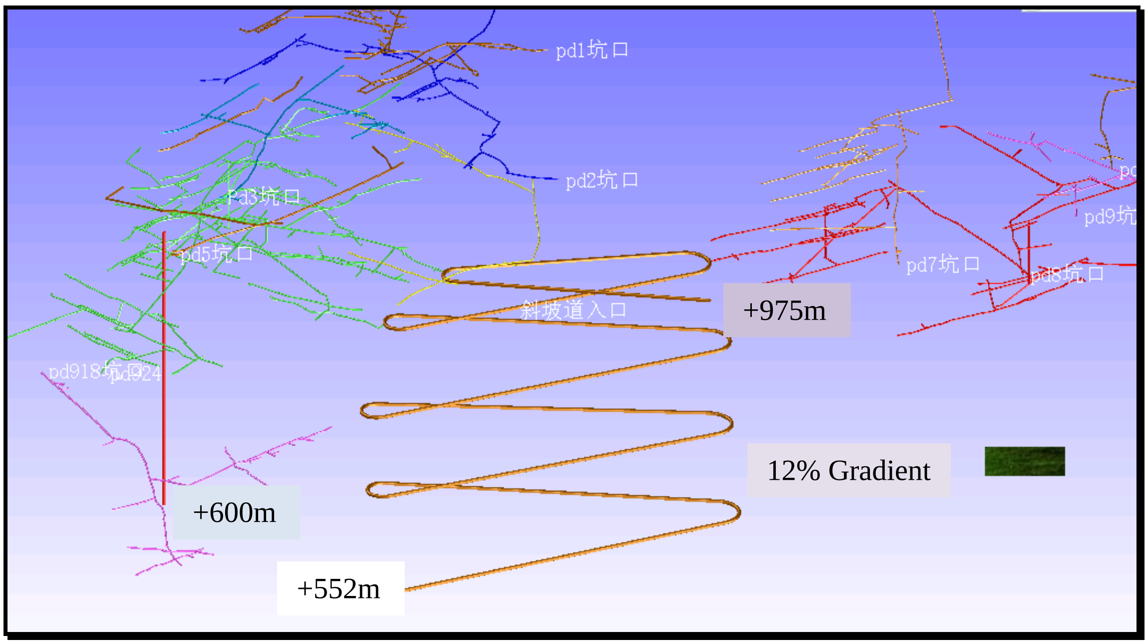

Figure 18-2: 3D view of the Xigou Camp at the LM mine

18.5 MINING METHOD

Both Short-Hole Shrinkage Stoping and Re-Suing Stoping have been successfully applied at the TLP and LM mines. Surface collapsing is permitted as no agriculture or other industrial infrastructure or habitation is located in the vicinity of the mine sites.

18.5.1 Short-Hole Shrinkage Stoping

This mine method has been employed worldwide as one of the most successful mining methods for narrow veins. The system begins with drifting along the vein to expose the vein in the back of the drift. Another parallel drift outside the vein is then driven from crosscuts, which are driven at approximately 5 m spacing. The crosscuts which intersect the vein act as draw points for the loading out of ore. Two raises are driven at each end of the stope block.

Stope structure parameters

As shown in Figure 18-3, the typical size of a stope is 50 m along the strike of the vein and approximately 40 m in height. Two access raises approximately 1.8 m by 1.8 m are driven providing access to the stope and for air, water and ventilation services. Veins which are less than 0.8 m thick must be diluted to 0.8 m with the assumption that the waste contains no grade. It is possible to gain 90% ~ 95% mining recovery of in situ resources by this method.

Figure 18-3 below shows typical expected dilution when mining veins less than 0.8 meters thick. Both ore and waste must be mined to open a minimal mining width. This method leaves no bottom pillar; part of side pillars are recoverable; a 3m crown pillar is left in situ for safety purposes.

Blasting and mucking

The mining crew normally consists of two Jack Leg miners using YT-24 pneumatic drills. A 1.8 m round is blasted filling the void below as the mining proceeds upwards. While the crew is mining upwards only approximately 30% of the ore may be extracted from the stope until the entire stope is mined at which point all ore may be extracted. During the initial phase of mining, expected production is 50-75 tons per day per stope. The crew drills and charges the holes with cartridge explosives and ignites the blast with tape fuse. The second crew will return to the stope after the smoke has cleared from the previous round. Ventilation air and water are carried up the raises to the stoping level. Loading of the ore from the draw points is by hand to railcars, diesel tricycle carts or handcarts.

Dilution and Recovery

Shrinkage stoping is calculated to a minimum mining width of 0.8 m. The Proven and Probable reserves are calculated using a dilution ratio, ranging from 25% to 75%, and mining recoveries ranging from 90% to 95%. The calculation formula of dilution factor is as follows.

$$DF = \frac{(0.8 - V) \times SGwaste}{V \times SGore + (0.8 - V) \times SGwaste} \times 100$$

Where:

V - Width of vein (m);

SGwaste - special gravity of waste;

SGore - special gravity of vein ore.

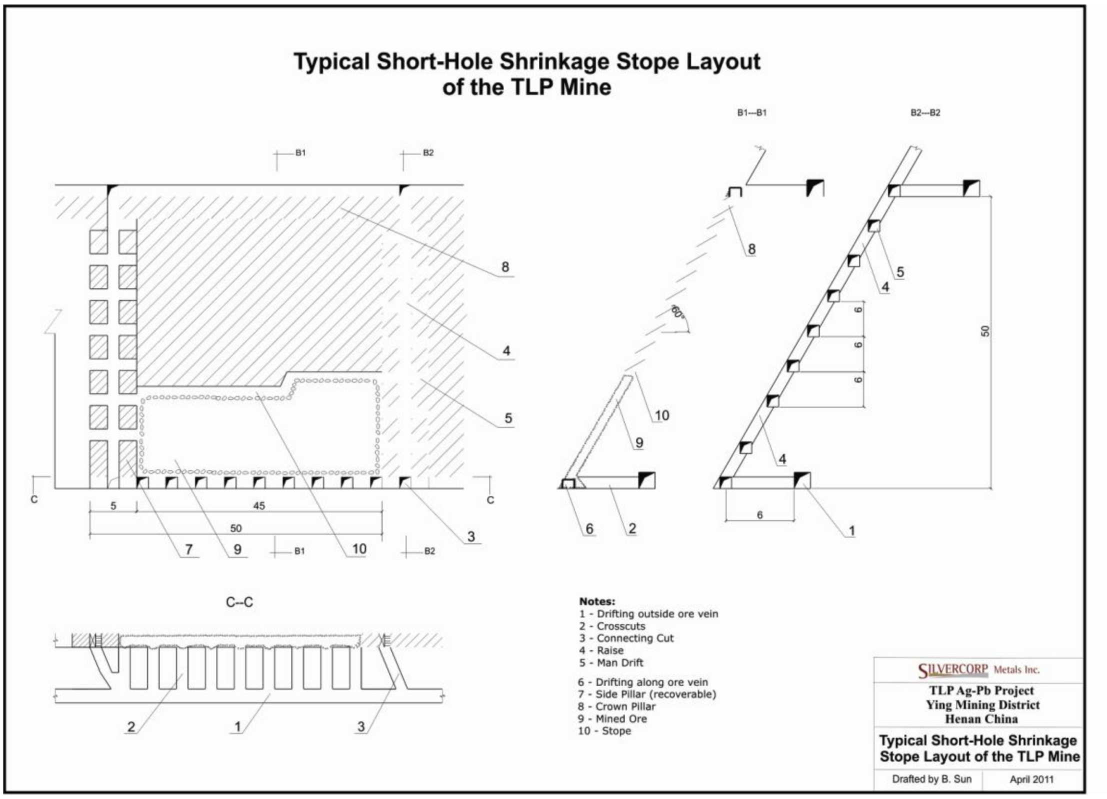

Figure 18-3: Typical short-hole shrinkage Stope Layout of TLP and LM mines

18.5.2 Re-Suing Stoping

The Re-Suing stopes involve first blasting narrow veins between 0.l and 0.40 m in width. After the ore is blasted and loaded via steel mill holes which are constructed as the stope is mined upwards, the waste on the footwall is blasted to maintain a minimum mining width of 0.8 m. The stope will not contain ore when mining is complete in contrast to the Shrinkage stope. The stope is left filled with waste from the slashing of the footwall necessary to maintain a minimum mining thickness.

Stope structure parameters

As shown in Figure 18-4, ore bodies are divided along vein strike with length about 50m ~ 80m and height between 20m and 50m. At the bottom of blocks, a series of parallel crosscuts and connecting cuts intersect with two drifts along and outside the ore vein, which are driven for ore haulage and equipments/personnel access. Two access raises approximately 1.8 m by 1.8 m are driven providing access to the stope and supplying air, water and ventilation services. Veins which are less than 0.3 m must be diluted to 0.3 m with the assumption that the waste contains no grade. It is expected that 93-95% mining recovery of in situ resources is possible.

Figure 18-4 below is typical of the expected dilution of veins less than 0.3 meters thick where both ore and waste must be mined to open a minimal mining width. Re-Suing uses no bottom pillar structure; part of side pillars is recoverable when mined out in the stope and a crown pillar is left in situ for safety purpose.

Mining sequence

The mining crew normally consists of two Jack Leg miners who usually use YT-24 drills. A 1.8 m round is blasted and mucked as the mining proceeds upwards. After two rounds are blasted and mucked, the footwall should be blasted and be used to fill the space mined out. This process is repeated until the crown pillar is reached. The entire stope is left filled with waste from slashing of the footwall.

Blasting and mucking

Blasting uses single-row or diagonal layout hole patterns. Drill hole's depth is about 2 m, and transverse spacing is 0.8 to 1 m. The crew drills and charges the holes with cartridge explosives and ignites the blast with tape fuse. A second crew returns to the stope after smoke has cleared from the previous round. Ventilaion air and water are carried up the raises to the stoping level. Blasted ore is mucked manually by using handcarts, and is dumped into a steel mill hole. Loading of the ore from the draw points at the bottom end of the steel mill hole is by hand to railcars, diesel tricycle carts or handcarts. Rubber belt is laid on the blast rock floor before drilling and blasting narrow ore veins to prevent mixing of new blasted ore at the top of stope filling waste rock . The rubber belt is rolled up and removed before slashing footwall.

Dilution and Recovery

Re-Suing stoping is calculated to a minimum blasting width of 0.3 m. The Proven and Probable reserves are calculated using dilution ratios ranging from 25% to 35%, and mining recoveries ranging from 93% to 97%. The calculation formula of dilution factor is as follows.

$$DF = \frac{(0.3 - V) \times SGwaste}{V \times SGore + (0.3 - V) \times SGwaste} \times 100$$

Where:

V - Width of vein (m);

SGwaste – special gravity of waste;

SGore - special gravity of vein ore.

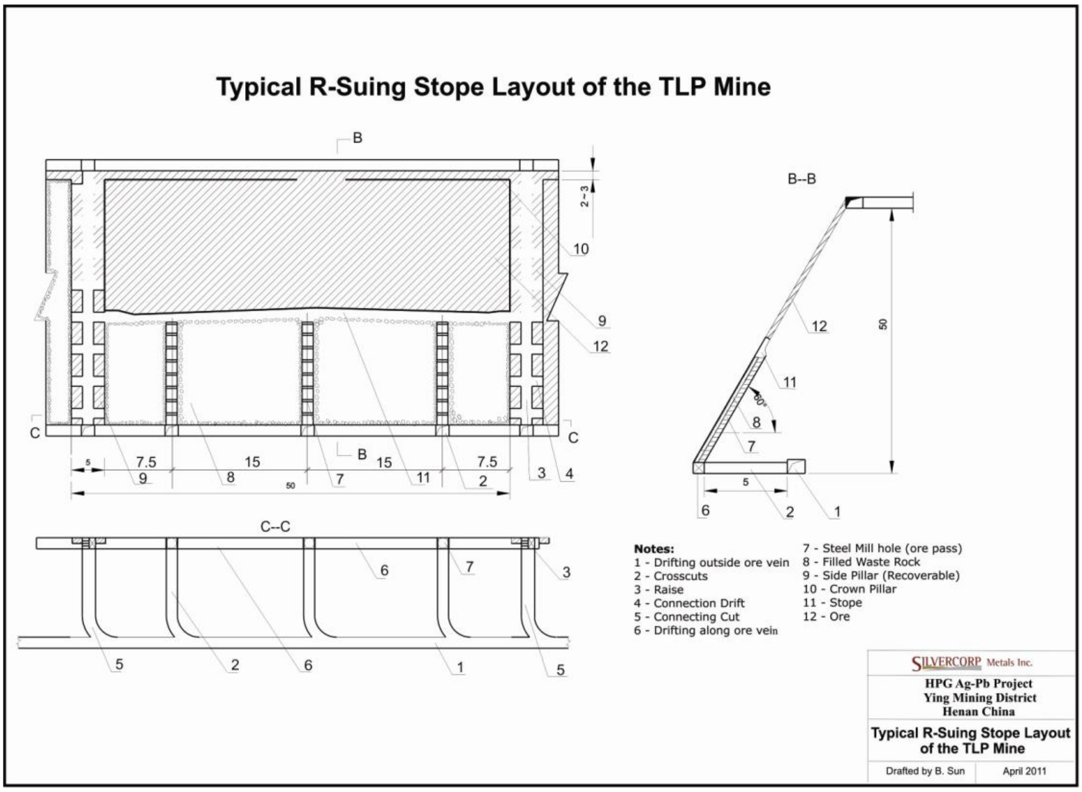

Figure 18-4：Typical R-Suing Stope Layout of TLP and LM Mines

18.6 MINING PLAN AND MINE LIFE

The mining plan was developed taking vein characteristics, ore reserves, mining conditions, and the time line to prepare mine stopes into consideration. TLP mine and LM mine are constructing major development projects including blind shafts and blind declines which will result in their ore production rising over the next two to three years.

Mining Plans

Table 18-1 lists the tonnes and grades of the production schedule for the TLP and LM mines. The production is projected based on Proven and Probable mineral reserves using the 147.47 g/t (3.60 oz/t) mining cut-off (Ag equivalent) with a 92~95% mining recovery rate and 25~30% dilution rate.

The mining sequence utilizes advanced methods including blind declines and blind shafts out to the mining boundaries, from the top level down to the lowest levels. Due to limited ore reserves, it is necessary to extract ore from two or more levels at the same time, in order to guarantee annual production.

At TLP, a total of 35 ore veins are divided into 397stopes, including 73 Re-Suing, 213 short-hole shrinkage and 111 residual-recovery stopes. The ratio between Re-Suing and shallow-hole shrinkage is about 1:3; Re-Suing to residual-recovering is about 1:2.

At LM, a total of 44 ore veins are divided into 229 stopes, including 212 Re-Suing and 17 shallow-hole shrinkage stopes. The ratio between Re-Suing and short-hole shrinkage is 13:1.

According to the mining plan arrangement, current adits, blind declines, and blind shafts cannot meet the requirements of designed production capacities both in TLP mine and in LM mine. Thus it is very important to speed up the construction of blind declines and blind shafts in the PD730, PD 900 and PD921.

Mine Life

Current Proven and Probable Mineral Reserves total 2,879,789 tonnes. The production targets for the mines are 220,000 tonnes/year for TLP and 110,000 tonnes/year for LM. Each mine is planned to have a mine life of about 10 years, as shown in Table 18-1.

Silvercorp will continue to maintain its rolling development strategy. The purpose is to upgrade inferred resource to Indicted and Measured mineral resource through drifting exploration and drilling exploration, to extend the mine life.

Table 18-1: Production Summary over Mine Life of the TLP and LM Mines

years	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Tonnage	138,000	207,000	277,000	301,000	332,000	332,000	333,000	332,000	331,000	298,000	**2,881,000**
TLP											
years	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Tonnage	91,198	150,841	200,579	200,846	220,825	220,728	220,759	220,527	220,389	203,222	**1,949,914**
Au (g/t)											
Ag (g/t)	137	145	152	155	154	155	153	155	158	161	**154**
Pb (%)	3.50	3.38	3.50	3.83	3.84	4.31	5.29	3.36	2.78	2.74	**3.68**
Zn (%)	0.32	0.35	0.22	0.24	0.27	0.33	0.41	0.38	0.28	0.20	**0.30**
Cu (%)											
LM											
years	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Tonnage	46,385	56,070	76,066	100,224	110,747	111,238	111,977	111,326	110,615	95,228	**929,875**
Au (g/t)											
Ag (g/t)	375	337	495	394	266	280	322	311	252	290	**323**
Pb (%)	2.78	1.77	2.78	2.20	2.60	2.02	2.39	2.67	2.66	2.64	**2.46**
Zn (%)	0.24	0.37	0.48	0.39	0.34	0.26	0.39	0.37	0.50	0.36	**0.37**
Cu (%)											

18.7 Rock Conveyance

Haulage

Three major types of haulage systems are employed in the TLP and LM Mines based on the requirements of mine developments.

1. ***The complete handcart haulage system***: Rock haulage from the stopes and development faces to the surface is performed by one-axle handcarts with pneumatic tires. One person can pull a handcart, containing about 800 kg of ore when fully loaded, along both drifts and adit levels. Electric winches assist the haulage miners pulling the handcarts on the inter-level decline. This system is used at PD780, PD800 and PD840 of TLP mine and in PD991 and PD925 of the LM mine.
2. ***The complete railcar haulage system:*** The material haulage is track-bound with 0.7 m^3 side-tipper railcars. The cars, usually in groups of up to 10, are pushed by an electrical locomotive on the adit level to the surface. For adit level and below, the ore and development waste is track-bound with 0.7 m^3 side-tipper mine railcars. The railcars are pushed manually in the access drifts. Railcars are pushed by a single cylinder diesel locomotive in the main drift. The railcars are then loaded into a shaft cage and hoisted through blind shafts. This system is used at PD900 of the LM mine.
3. ***The mixed haulage system with railcars and tricycle trucks***: Ore and development waste are loaded into 0.7 m^3 side-tipper railcars, pushed by miners on tracks laid along the drifts. The declines are equipped with electric winches, which are able to pull two railcars at a time. These cars are then hauled to a transfer station where they are unloaded into motorized tricycle trucks. The tricycle trucks haul rock to the surface and dump either to ore stockpiles or to the waste dump. This system is used at PD730 of the TLP mine.

Hoisting – TLP

The blind decline at exploration line 21 is separated into two stages. Both stages are angled at 25^0 degrees and use JTP-1.2 $\times$ 1.0 hoisting winches with 75 kw motors. These winches are capable of pulling a group of 0.75 m^3 railcars and are used for all hoisting of the ore, waste rock, materials and personnel.

The first stage decline is from the 650m level to the 730m level, and its length is about 241m. The Second stage decline is from the 510m level to the 650m level, and its length is about 253m.

Hoisting – LM

The blind shaft at PD900 is equipped with a 2JTP-1.6 $\times$ 0.9 hoisting winch with a 132 kw motor. The shaft extends between the 650m level and the 900m level, and its hoisting height is about 250m.

The winch hoists a single No.2 standard cage with a counter weight, and is used for all hoisting of ore, waste, personnel, materials, and explosives.

At both the TLP and LM mines, all winch chambers and bottom signal chambers are equipped with signals and TV monitors.

18.8 VENTILATION

Ventilation - TLP

A diagonal ventilation system with the single wing is utilized at the TLP mine to safely and efficiently mine major ore veins (e.g.T2). Fresh air enters the 700 m level from adit PD730 via corresponding blind declines. Contaminated air returns to the 960m level tunnel via ventilation raises, and then is exhausted to surface by a main axial flow fan.

Considering air requirements of stopes, driving faces and chambers, the total volume of air flow required was determined to be $15m^3/s$ when an air leakage coefficient of 1.5 was taken into account. Ventilation resistance of the tunnel system was calculated at 88 mmH_2O. A BK54-4-No.11 axial ventilation fan was installed at the PD960 adit entrance. Two 30kW motors are also in place to drive the ventilation equipment; one in active use and the other one for backup.

Ventilation - LM

A central ventilation system is utilized in the Donggou Camp of the LM mine. Fresh air enters the 900m level from the PD900 adit via corresponding blind shafts. Contaminated air returns to the 838m tunnel via ventilation raises, and then is exhausted to surface by the main axial fan.

Considering air requirements of stopes, driving faces and chambers, the total volume of air flow required was determined to be $15m^3/s$ when an air leakage coefficient of 1.5 was taken into account. Ventilation resistance of the tunnel system was calculated at 44 mmH2O. A K40-4-NO10 axial ventilation fan is installed at the PD838 adit entrance. Two 15 kw motors are also in place to drive the ventilation equipment; one in active use and the other one for backup.

Ventilation Facilities

Reverse air current is generated by counter-rotating the installed fan in TLP and LM Mines. A reversing switch is located on the fan's control panel. Emergency exits and underground ventilation doors can be opened both ways to permit air current reversal.

A series of air doors, air window and sealed walls have been installed in the ventilation system. Unused tunnels, drifts, and mill holes were sealed to prevent entrance of ventilation air.

18.9 COMPRESSED AIR

Compressed air facilities at the TLP and LM mines are provided by utilizing electrically powered two-stage piston compressors. The compressors are connected to steel and plastic piping for air distribution.

Compressed air is mainly used for drilling blast holes. Currently, YT-24 jack leg drilling is used in stopes and working faces. Air compressor model selection is based on capacity and actual air volume consumed in each adit. The following are compressor capacities on an adit by adit basis:

TLP mining area:

PD730：	2×20m3/min
PD840：	2×20m3/min
PD930：	1×12m3/min
PD960：	1×12m3/min
PD990：	2×10m3/min
PD924：	3×10m3/min
PD991:	2×10m3/min
PD838：	2×10m3/min
PD900：	1×20m3/min

LM mining area:

PD924：	1×20m3/min
PD991：	1×11m3/min
PD900:	1×22m3/min
PD838:	1×20m3/min

18.10 WATER DISCHARGE

Water discharge capacity being equal to minimum calculated volumes is a safety requirement under the "Chinese Safety regulations of Metal and Non-metal mines". The following minimum requirements are provided for at the TLP and LM mines:

- The capacity of working water pumps should discharge the normal water inflow of the day within 20 hours;
- The capacity of all water pumps should discharge the maximum water inflow of the day within 20 hours, excepting pumps being maintained;
- Two pipe lines of the same size are installed in adits, declines and shafts, one for working, the other for standby;
- The sump should store 6~8 hour's of normal water inflow.

According to actual data in the operation, the normal water inflow is 15 m^3/h, and the maximum water inflow is 40 m^3/h at the 700 m level of TLP mine.

Water discharge is from the 700 m level to the 730 m level, and then water flows along the PD730 adit to surface. According to the design requirements, the water pump's model is WQ40—80/4—15. The water head is 80m; the designed discharge capacity is 40 m^3/h; the power is 15 kw.

Three water pumps are installed in the pump chamber: one unit is running, one unit is being maintained, and the third is on standby.

Larger capacity water pumps will be installed when the blind shaft at PD900 of the LM mine is completed.

18.11 CONTRACT MINING

Four types of contracts are in place pertaining to the major activities of mining, diamond drilling, hauling and concentrate sale.

Mining Contracts

Both TLP and LM mines utilize contract labor for mining on a rate per ton or a rate per meter basis. The contract includes all labor, all fixed and mobile equipment, materials, and consumables including fuel and explosives which are purchased through the company. Ground support consumables such as timber and power to the portal areas are the responsibility of the company. Table 18-2, Table 18-3 and Table 18-4 list 2010 cost schedule at TLP and LM mines.

Table 18-2: 2010 Cost Schedule for Mining at the TLP and LM Mines

(Drifting Rates Without Rail Car Hauling)

Size (m)	RMB/m	US$/m	Notes
2.2x2.0	825	126.92	Major drifting
2.0x2.0	*775*	119.23	Drifting along veins
2.0x1.8	725	111.54	Drifting along veins
1.8x1.8	690	106.15	Drifting along veins
1.8x1.6	665	102.31	Drifting along veins
2.2x2.0	925	142.31	Sump drifting
1.8x1.6	815	125.38	Raise

Table 18-3: 2010 Basic Rates for Mining Methods

Mining Methods	RMB/t	US$/t
Short-hole shrinkage stope	65.5	10.08
Re-Suing stope	156.5	24.08

Table 18-4: 2010 Ground Support Rates

Types	Units	Rates RMB	Rates US$	Remark
Timber Support	Frame	70.00	10.77	Material is not included
Steel Support	Frame	100.00	15.38	Material is not included
Shot Crete	m^2	52.00	8.00	Material is included,≥2cm in thickness
Concrete	m^3	650.00	100.00	Material is included , standard C20
Rock Bolt	Piece	20.00	3.08	Material is not included

Diamond Drilling Contracts

Table 18-5 shows the contract rates of diamond drilling in Ying District.

Table 18-5: 2008 Diamond Drilling Rates

	RMB/m				US$/m			
Type of Drill	PQ	HQ	NQ	BQ	PQ	HQ	NQ	BQ
Surface Drill								
<200m	640	550	500		94.12	80.88	73.53	
200m-400m	750	610	560		110.29	89.71	82.35	
400m-600m		680	630			100	92.65	
600m-800m		750	700	630		110.29	102.94	92.65
Underground drill-short hole (1 to 300m)			200			29.41		
Underground drill-deep hole (>=300m)			260			38.24		

Ore Shipping Contracts

Ore shipping from the mine sites to the Xiayu Mill utilizes trucks and a barge for both TLP and LM mines. Trucks are owned by people from nearby villages, and the barge is owned by a local contractor. The all-in cost for shipping is US$3.29 per ton for TLP and LM mines.

Concentrate Sales Contracts

As a general practice, Silvercorp sells its lead and zinc concentrates directly to local smelters instead of paying treatment charges and selling metals on the markets. Silvercorp is responsible only for packaging and uploading of concentrates. Concentrate sales prices in December of 2010 are shown in Table 18-6 and Table 18-7.

Table 18-6: Sale Prices of Pb Concentrates in December of 2010

Pb content	Price (RMB/t)	Ag (g/t)	Price factor (RMB/g)	Au (g/t)	Price factor (RMB/g)
≥60%	A - 2000	≥5000	B * 89%	≥1.0	C * 80%
≥55%	A - 2100	≥4500	B * 88.5%	≥2.0	C * 81%
≥50%	A - 2200	≥4000	B * 88%	≥3.0	C *82%
≥45%	A - 2300	≥3500	B * 87.5%	≥5.0	C *83%
≥40%	A - 2400	≥3000	B * 87%	≥7.0	C *84%
≥35%	A - 2900	≥2500	B * 86.5%	≥10.0	C *85%
		≥2000	B * 86%	≥15.0	C *86%
		≥1500	B * 85.5%	≥20.0	C *87%
		≥1000	B * 85%		
		≥500	B * 82%		

Notes: A, B and C are online prices of Pb, Ag and Au respectively; A and B price have included 17% "added value tax".

Table 18-7: Sale Prices of Zn Concentrates in December of 2010

Zinc Content	Online Price (RMB/t)	Sale Price (RMB/t)
≥45%	≤ 15,000	D – 5,200
	>15,000	(D – 5,200) + (D – 15,000)x20%
40 ~ 45%	≤ 15,000	(D–5800) – (45-Grade)*45
	>15,000	(D – 5,200) + (D – 15,000)x20% – (45-Grade)*45

Notes: D is online price that has included 17% "added value tax". Grade is Zinc content in the concentrate.

18.12 MARKETS

Within a 300 km range from the Ying District, there are more than five lead smelters with a combined smelting capacity of 1,000,000 tonnes of lead metal. While the smelters purchase the majority of the lead concentrate feed in the domestic market, many of them have to import from overseas. Silvercorp has therefore been able to negotiate favorable payment terms for its domestic produced concentrates.

Currently, the Company sells its lead concentrate to five lead producers, and its zinc concentrate to two zinc producers.

18.13 CAPITAL AND OPERATION COSTS

Capital Costs

Capital costs are used for major mine development, including shaft sinking, equipment purchase, installation, main access drifting, etc. The Table 18-8 is an estimate of the capital costs for TLP and LM mines combined. Estimates are based on the current mine contract rates.

Table 18-8: Capital Cost at TLP and LM mines ('000US$)

Year	TLP	LM	Total
2011	2,827	2,768	**5,595**
2012	2,077	2,405	**4,482**
2013	1,524	1,875	**3,399**
2014	1,509	1,593	**3,102**
2015	1,509	1,316	**2,825**
2016	1,401	3,354	**4,755**
2017	1,171	977	**2,148**
2018	1,171	977	**2,148**
2019	1,140	900	**2,040**
2020	1,140	900	**2,040**
Total	**$ 15,469**	**$ 17,065**	**$ 32,534**

Operation Costs

The Table 18-9 summarizes the operational costs. Mining, Milling, Shipping and General & admin costs are based on historical production figures. Sustaining capital costs are estimated based on the current mine contract rates.

Table 18-9: Operational costs (US$/tonne)

Year	TLP	LM
Mining	36.00	37.00
Average sustaining capital	1.43	2.64
Milling	12.00	12.00
Shipping	3.00	3.00
G&A	2.00	3.50
Total	**$ 54.43**	**$ 58.14**

Taxes

China levies 17% Value-Added Tax ("VAT") on goods; the 17% VAT input credit on purchased materials, power and machineries can be used to offset 17% VAT levied on silver, lead, zinc and copper products. No VAT is charged for selling gold. Income tax rate is 25% flat for Henan Found (TLP Mine). As a Sino-foreign joint venture, Henan Huawei (LM Mine) has a reduced income tax rate of 12.5% in 2011; thereafter, the income tax rate will be 25%. Mining companies in China are required to pay 2% Resource tax on revenue for metal products sold. In addition, city construction taxes and education taxes are levied on approximately 10% of VAT.

18.14 ECONOMIC ANALYSIS

Financial Summary

Tables 18-10 to 18-12 show the cash flow analysis of each mine over its mine life. Metal prices used are NSR which is average selling price, net of VAT and smelter charges.

Summary: Silvercorp's share of net cash flows from TLP and LM mines combined is $152 million.

TLP Mine: assuming total production cost of $54.43 per tonne and using metal recoveries of 87.9% and 88.5% for silver and lead, respectively, Silvercorp's share (77.5%) of projected net cash flows is $79 million over its ten years mine life.

LM Mine: assuming total production cost of $58.14 per tonne and using metal recoveries of 93.2% and 93.5% for silver and lead, respectively, Silvercorp's share (80%) of projected net cash flows is $73 million over its ten years mine life.
The expected capital expenditures are $15 million and $17 million for TLP and LM mines, respectively. The payback periods are 2.8 years and 2.7 years, respectively.

Table 18-10: TLP and LM Mines Combined – Cash Flow Analysis Summary

Table 18-10: TLP and LM mines Combined - Cash Flow Analysis Summary

		Year 2011	Year 2012	Year 2013	Year 2014	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019	Year 2020	Total
Ore mined/milled (tonne)		137,583	206,911	276,645	301,070	331,572	331,966	332,736	331,853	331,004	298,450	2,879,789
Metal Production:												
Au (ounces)		-	-	-	-	-	-	-	-	-	-	-
Ag (ounces)		874,394	1,185,139	1,988,737	2,061,916	1,845,162	1,898,597	2,034,947	2,004,904	1,819,327	1,750,779	17,463,903
Pb (pounds)		8,877,391	11,995,875	18,042,467	19,572,426	22,478,914	23,204,923	28,320,431	20,575,356	18,003,888	16,046,225	187,117,896
Zn (pounds)		-	-	-	-	-	-	-	-	-	-	-
Cu (pounds)		-	-	-	-	-	-	-	-	-	-	-
Metal price (net of smelter charges and value added tax)												
Au (US$/oz) ($1,400US/oz*65%)	900.00	900.00	900.00	900.00	900.00	900.00	900.00	900.00	900.00	900.00	900.00	
Ag (US$/oz) ($24US$/oz*87.5%/1.17)	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	
Pb (US$/lb) ($1.12US$/lb*87%/1.17)	0.83	0.83	0.83	0.83	0.83	0.83	0.83	0.83	0.83	0.83	0.83	
Zn (US$/lb) ($1.14US$/lb*68%/1.17)	0.67	0.67	0.67	0.67	0.67	0.67	0.67	0.67	0.67	0.67	0.67	
Cu (US$/lb) ($4.00US$/lb*70%/1.17)	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	
Revenue												
Au (US$)		-	-	-	-	-	-	-	-	-	-	-
Ag (US$)		15,739,099	21,332,508	35,797,266	37,114,485	33,212,910	34,174,752	36,629,047	36,088,275	32,747,885	31,514,018	314,350,245
Pb (US$)		7,368,234	9,956,576	14,975,248	16,245,113	18,657,498	19,260,086	23,505,958	17,077,546	14,943,227	13,318,366	155,307,854
Zn (US$)		-	-	-	-	-	-	-	-	-	-	-
Cu (US$)		-	-	-	-	-	-	-	-	-	-	-
Total (US$)		23,107,333	31,289,084	50,772,513	53,359,598	51,870,409	53,434,838	60,135,005	53,165,821	47,691,112	44,832,384	469,658,099
Oprational costs												
Mining costs (US$)		4,999,376	7,504,856	10,035,294	10,938,745	12,047,326	12,062,018	12,090,475	12,058,019	12,026,742	10,839,428	104,602,278
Sustaining capital costs (US$)		1,082,912	611,172	443,855	443,855	443,855	443,855	443,855	443,855	443,855	443,855	5,244,921
Milling costs		1,650,997	2,482,929	3,319,743	3,612,840	3,978,860	3,983,593	3,992,833	3,982,231	3,972,042	3,581,400	34,557,468
Shipping cost		412,749	620,732	829,936	903,210	994,715	995,898	998,208	995,558	993,011	895,350	8,639,367
General and admin expenses (US$)		344,744	497,926	667,390	752,476	829,263	830,789	833,438	830,694	827,929	739,742	7,154,390
Total production costs		8,490,778	11,717,614	15,296,217	16,651,126	18,294,018	18,316,154	18,358,808	18,310,357	18,263,578	16,499,775	160,198,424
Resource tax (US$, 2% of total revenue)	2%	462,147	625,782	1,015,450	1,067,192	1,037,408	1,068,697	1,202,700	1,063,316	953,822	896,648	9,393,162
Pre-income tax net profit (US$)		14,154,408	18,945,689	34,460,846	35,641,281	32,538,982	34,049,988	40,573,497	33,792,148	28,473,712	27,435,962	300,066,513
Income taxes		2,491,503	4,736,422	8,615,212	8,910,320	8,134,746	8,512,497	10,143,374	8,448,037	7,118,428	6,858,991	73,969,529
Net profit after income taxes (US$)		11,662,905	14,209,266	25,845,635	26,730,960	24,404,237	25,537,491	30,430,123	25,344,111	21,355,284	20,576,972	226,096,984
Capital expenditures (US$)		5,595,212	4,482,066	3,398,947	3,101,716	2,824,793	4,755,244	2,147,870	2,147,870	2,040,178	2,040,178	32,534,073
Net cash flows 100% (US$)		6,067,694	9,727,200	22,446,688	23,629,244	21,579,444	20,782,247	28,282,253	23,196,241	19,315,107	18,536,794	193,562,911
Silvercorp's share of net cash flows (US$)		4,816,496	7,634,542	17,705,051	18,624,728	16,954,641	16,281,293	22,215,133	18,269,493	15,195,990	14,592,555	152,289,922
Unit silver production costs, adjusted for by-product credits		1.28	1.49	0.16	0.20	(0.20)	(0.50)	(2.53)	0.61	1.83	1.82	0.28

Table 18-11: Cash Flow Analysis for Mine Plan at the TLP Mine

Table 18-11: Cash Flow Analysis for Mine Plan at the TLP Mine

			Year 2011	Year 2012	Year 2013	Year 2014	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019	Year 2020	Total
Ore mined/milled (tonne)			91,198	150,841	200,579	200,846	220,825	220,728	220,759	220,527	220,389	203,222	1,949,914
Grade:													
Au (g/t)			-	-	-	-	-	-	-	-	-	-	
Ag (g/t)			136.77	145.00	152.00	155.00	154.00	155.00	153.00	155.00	158.00	160.93	
Pb (%)			3.50%	3.38%	3.50%	3.83%	3.84%	4.31%	5.29%	3.36%	2.78%	2.74%	
Zn (%)			0.32%	0.35%	0.22%	0.24%	0.27%	0.33%	0.41%	0.38%	0.28%	0.20%	
Cu (%)			-	-	-	-	-	-	-	-	-	-	
Recovery rate:													
Au (%)			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Ag (%)			87.9%	87.9%	87.9%	87.9%	87.9%	87.9%	87.9%	87.9%	87.9%	87.9%	
Pb (%)			88.5%	88.5%	88.5%	88.5%	88.5%	88.5%	88.5%	88.5%	88.5%	88.5%	
Zn (%)			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Cu (%)			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Metal Production:													
Au (ounces)			-	-	-	-	-	-	-	-	-	-	-
Ag (ounces)			352,500	618,112	861,606	879,781	961,056	966,871	954,530	965,991	984,071	924,270	8,468,787
Pb (pounds)			6,221,706	9,954,088	13,692,480	15,019,398	16,541,812	18,566,465	22,796,151	14,456,484	11,945,811	10,864,182	140,058,578
Zn (pounds)			-	-	-	-	-	-	-	-	-	-	-
Cu (pounds)			-	-	-	-	-	-	-	-	-	-	-
Metal price (net of smelter charges and value added tax)													
Au (US$/oz) ($1,400US/oz*65%)	900.00		900.00	900.00	900.00	900.00	900.00	900.00	900.00	900.00	900.00	900.00	
Ag (US$/oz) ($24US$/oz*87.5%/1.17)	18.00		18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	
Pb (US$/lb) ($1.12US$/lb*87%/1.17)	0.83		0.83	0.83	0.83	0.83	0.83	0.83	0.83	0.83	0.83	0.83	
Zn (US$/lb) ($1.14US$/lb*68%/1.17)	0.67		0.67	0.67	0.67	0.67	0.67	0.67	0.67	0.67	0.67	0.67	
Cu (US$/lb) ($4.00US$/lb*70%/1.17)	2.40		2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	
Revenue													
Au (US$)			-	-	-	-	-	-	-	-	-	-	-
Ag (US$)			6,344,991	11,126,012	15,508,906	15,836,055	17,299,003	17,403,686	17,181,535	17,387,838	17,713,285	16,636,858	152,438,170
Pb (US$)			5,164,016	8,261,893	11,364,758	12,466,100	13,729,704	15,410,166	18,920,805	11,998,881	9,915,024	9,017,271	116,248,620
Zn (US$)			-	-	-	-	-	-	-	-	-	-	-
Cu (US$)			-	-	-	-	-	-	-	-	-	-	-
Total (US$)			11,509,007	19,387,905	26,873,664	28,302,155	31,028,707	32,813,852	36,102,340	29,386,719	27,628,309	25,654,129	268,686,790
Oprational costs													
Mining costs (US$)	36.00	US$/tonne	3,283,128	5,430,276	7,220,844	7,230,456	7,949,700	7,946,208	7,947,324	7,938,972	7,934,004	7,315,992	70,196,904
Sustaining capital costs (US$)	-		667,718	384,209	216,892	216,892	216,892	216,892	216,892	216,892	216,892	216,892	2,787,066
Milling costs	12.00	US$/tonne	1,094,376	1,810,092	2,406,948	2,410,152	2,649,900	2,648,736	2,649,108	2,646,324	2,644,668	2,438,664	23,398,968
Shipping cost	3.00	US$/tonne	273,594	452,523	601,737	602,538	662,475	662,184	662,277	661,581	661,167	609,666	5,849,742
General and admin expenses (US$)	2.00	US$/tonne	182,396	301,682	401,158	401,692	441,650	441,456	441,518	441,054	440,778	406,444	3,899,828
Total production costs			5,501,212	8,378,782	10,847,579	10,861,730	11,920,617	11,915,476	11,917,119	11,904,823	11,897,509	10,987,658	106,132,508
Resource tax (US$, 2% of total revenue)	2%		230,180	387,758	537,473	566,043	620,574	656,277	722,047	587,734	552,566	513,083	5,373,736
Pre-income tax net profit (US$)			5,777,615	10,621,365	15,488,612	16,874,382	18,487,516	20,242,099	23,463,174	16,894,162	15,178,233	14,153,388	157,180,546
Income tax rate			25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Income taxes			1,444,404	2,655,341	3,872,153	4,218,596	4,621,879	5,060,525	5,865,794	4,223,540	3,794,558	3,538,347	39,295,137
Net profit after income taxes (US$)			4,333,211	7,966,024	11,616,459	12,655,787	13,865,637	15,181,574	17,597,381	12,670,621	11,383,675	10,615,041	117,885,410
Capital expenditures (US$)			2,826,855	2,077,312	1,524,468	1,509,083	1,509,083	1,401,391	1,170,622	1,170,622	1,139,852	1,139,852	15,469,140
Net cash flows 100% (US$)			1,506,356	5,888,711	10,091,991	11,146,703	12,356,554	13,780,183	16,426,759	11,500,000	10,243,823	9,475,189	102,416,270
Silvercorp's share of net cash flows (US$) （77.5%）			1,167,426	4,563,751	7,821,293	8,638,695	9,576,329	10,679,642	12,730,738	8,912,500	7,938,963	7,343,272	79,372,609
Unit silver production costs, adjusted for by-product credits			0.96	0.19	(0.60)	(1.82)	(1.88)	(3.61)	(7.34)	(0.10)	2.01	2.13	(1.19)

Table 18-12: Cash Flow Analysis for Mine Plan at the LM Mine

Table 18-12: Cash Flow Analysis for Mine Plan at the LM Mine

			Year 2011	Year 2012	Year 2013	Year 2014	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019	Year 2020	Total
Ore mined/milled (tonne)			46,385	56,070	76,066	100,224	110,747	111,238	111,977	111,326	110,615	95,228	929,875
Grade:													
Au (g/t)			-	-	-	-	-	-	-	-	-	-	
Ag (g/t)			375.49	337.50	494.51	393.63	266.42	279.53	322.00	311.44	252.00	289.65	
Pb (%)			2.78%	1.77%	2.78%	2.20%	2.60%	2.02%	2.39%	2.67%	2.66%	2.64%	
Zn (%)			0.24%	0.37%	0.48%	0.39%	0.34%	0.26%	0.39%	0.37%	0.50%	0.36%	
Cu (%)			-	-	-	-	-	-	-	-	-	-	
Recovery rate:													
Au (%)			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Ag (%)			93.2%	93.2%	93.2%	93.2%	93.2%	93.2%	93.2%	93.2%	93.2%	93.2%	
Pb (%)			93.5%	93.5%	93.5%	93.5%	93.5%	93.5%	93.5%	93.5%	93.5%	93.5%	
Zn (%)			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Cu (%)			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Metal Production:													
Au (ounces)			-	-	-	-	-	-	-	-	-	-	-
Ag (ounces)			521,895	567,028	1,127,131	1,182,135	884,106	931,726	1,080,417	1,038,913	835,256	826,509	8,995,115
Pb (pounds)			2,655,684	2,041,786	4,349,988	4,553,028	5,937,101	4,638,458	5,524,281	6,118,873	6,058,077	5,182,042	47,059,319
Zn (pounds)			-	-	-	-	-	-	-	-	-	-	-
Cu (pounds)			-	-	-	-	-	-	-	-	-	-	-
Metal price (net of smelter charges and value added tax)													
Au (US$/oz) ($1,400US/oz*65%)	900.00		900.00	900.00	900.00	900.00	900.00	900.00	900.00	900.00	900.00	900.00	
Ag (US$/oz) ($24US$/oz*87.5%/1.17)	18.00		18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	
Pb (US$/lb) ($1.12US$/lb*87%/1.17)	0.83		0.83	0.83	0.83	0.83	0.83	0.83	0.83	0.83	0.83	0.83	
Zn (US$/lb) ($1.14US$/lb*68%/1.17)	0.67		0.67	0.67	0.67	0.67	0.67	0.67	0.67	0.67	0.67	0.67	
Cu (US$/lb) ($4.00US$/lb*70%/1.17)	2.40		2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	
Revenue													
Au (US$)			-	-	-	-	-	-	-	-	-	-	-
Ag (US$)			9,394,108	10,206,496	20,288,359	21,278,430	15,913,907	16,771,066	19,447,512	18,700,437	15,034,600	14,877,160	161,912,075
Pb (US$)			2,204,218	1,694,683	3,610,490	3,779,013	4,927,794	3,849,920	4,585,153	5,078,664	5,028,204	4,301,095	39,059,234
Zn (US$)			-	-	-	-	-	-	-	-	-	-	-
Cu (US$)			-	-	-	-	-	-	-	-	-	-	-
Total (US$)			11,598,326	11,901,179	23,898,849	25,057,443	20,841,701	20,620,986	24,032,665	23,779,101	20,062,804	19,178,255	200,971,309
Oprational costs													
Mining costs (US$)	37.00	US$/tonne	1,716,248	2,074,580	2,814,450	3,708,289	4,097,626	4,115,810	4,143,151	4,119,047	4,092,738	3,523,436	34,405,374
Sustaining capital costs (US$)	-		415,194	226,962	226,962	226,962	226,962	226,962	226,962	226,962	226,962	226,962	2,457,855
Milling costs	12.00	US$/tonne	556,621	672,837	912,795	1,202,688	1,328,960	1,334,857	1,343,725	1,335,907	1,327,374	1,142,736	11,158,500
Shipping cost	3.00	US$/tonne	139,155	168,209	228,199	300,672	332,240	333,714	335,931	333,977	331,844	285,684	2,789,625
General and admin expenses (US$)	3.50	US$/tonne	162,348	196,244	266,232	350,784	387,613	389,333	391,920	389,640	387,151	333,298	3,254,562
Total production costs			2,989,566	3,338,832	4,448,637	5,789,396	6,373,401	6,400,677	6,441,689	6,405,534	6,366,069	5,512,116	54,065,916
Resource tax (US$, 2% of total revenue)	2%		231,967	238,024	477,977	501,149	416,834	412,420	480,653	475,582	401,256	383,565	4,019,426
Pre-income tax net profit (US$)			8,376,794	8,324,324	18,972,235	18,766,898	14,051,466	13,807,889	17,110,323	16,897,986	13,295,479	13,282,574	142,885,967
Income tax rate			12.5%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Income taxes			1,047,099	2,081,081	4,743,059	4,691,725	3,512,867	3,451,972	4,277,581	4,224,496	3,323,870	3,320,643	34,674,393
Net profit after income taxes (US$)			7,329,694	6,243,243	14,229,176	14,075,174	10,538,600	10,355,917	12,832,742	12,673,489	9,971,609	9,961,930	108,211,575
Capital expenditures (US$)			2,768,357	2,404,754	1,874,479	1,592,633	1,315,710	3,353,853	977,248	977,248	900,325	900,325	17,064,933
Net cash flows 100% (US$)			4,561,338	3,838,489	12,354,697	12,482,541	9,222,890	7,002,064	11,855,494	11,696,241	9,071,284	9,061,605	91,146,641
Silvercorp's share of net cash flows (US$) （80.0%）			3,649,070	3,070,791	9,883,757	9,986,033	7,378,312	5,601,651	9,484,395	9,356,993	7,257,027	7,249,284	72,917,313
Unit silver production costs, adjusted for by-product credits			1.50	2.90	0.74	1.70	1.64	2.74	1.72	1.28	1.60	1.47	1.67

Sensitivity

The financial results are most sensitive to the fluctuation of silver and lead prices. The Table 18-13 to 18-14 show the net cash flows for each mine under different silver and lead price. The prices showed are NSR, which is the net selling price, net of VAT and smelter charges.

Table 18-13: Sensitivity Analysis: net cash flows vs. NSR for TLP

Table 18-13: Sensitivity analysis: net cash flows vs. NSR for TLP

.		Silver NSR (US$/oz)				
		$ 14.00	$ 16.00	$ 18.00	$ 20.00	$ 22.00
Lead NSR (US$/lb)	$ 0.63	$ 57	$ 69	$ 82	$ 94	$ 107
	$ 0.73	$ 67	$ 80	$ 92	$ 105	$ 117
	$ 0.83	$ 78	$ 90	$ 102	$ 115	$ 127
	$ 0.93	$ 88	$ 100	$ 113	$ 125	$ 138
	$ 1.03	$ 98	$ 111	$ 123	$ 135	$ 148

Table 18-14: Sensitivity Analysis: net cash flows vs. NSR for LM

Table 18-14: Sensitivity analysis: net cash flows vs. NSR for LM

Net cash flows (million US$)		Silver NSR (US$/oz)				
		$ 14.00	$ 16.00	$ 18.00	$ 20.00	$ 22.00
Lead NSR (US$/lb)	$ 0.63	$ 57	$ 71	$ 84	$ 98	$ 111
	$ 0.73	$ 61	$ 74	$ 88	$ 101	$ 114
	$ 0.83	$ 64	$ 78	$ 91	$ 105	$ 118
	$ 0.93	$ 68	$ 81	$ 95	$ 108	$ 121
	$ 1.03	$ 71	$ 85	$ 98	$ 111	$ 125

19.0 OTHER RELEVANT DATA AND INFORMATION

Other information of relevance includes knowledge and data pertaining to various operational issues such as mine site access, mine permitting, mining methods, mine design, mine ventilation, hydrology, ore sorting, ore haulage, ore milling, direct shipping ore, power supplies, manpower, metal markets, environmental permitting and similar issues, health and safety, capital costs, and operating costs. Some of the more positive relevant features in the Ying District operation are:

- Locally available power supply for the mine and mill facilities,
- Abundant low-cost labor supply offers a major economic advantage over similar deposits in other parts of the world,
- Proximity to a number of existing custom mills and smelters, as well as to Silvercorp's own fully operational 1000 tpd mill,
- Topography that favors access to the veins by driving horizontal tunnels from the sides of the narrow valleys,
- Ground conditions which allow the use of shrinkage stopes, providing 95% ore recoveries with minimum dilution,
- Wall rock in the workings is competent and blocky Archean gneiss that acts as an aquiclude; seepage from groundwater is low.
- Several horizontal portals created for exploration are used to provide fast and effective access for moving ore from the underground workings,
- Prices for silver, lead and zinc quoted on the Shanghai Metal Exchange are about 13% above world prices due to a 13% Value Added Tax on metal imports levied by the Chinese government,
- Silvercorp's safety program, which exceeds Chinese standards and has to date recorded no serious injuries or death.

The only issue of minor concern is the unlikely event of a natural catastrophe such as a major flood or earthquake that could impact safety or the environment.

20.0 INTERPRETATION AND CONCLUSIONS

Silvercorp's operations in the Ying District consist of several producing projects containing significant defined silver-lead-zinc resources and reserves. Additionally the project has a number of interesting to promising outlying targets that have not yet been thoroughly explored. The district lies in one of China's most densely populated provinces, albeit currently only a minor mining province. The mine areas and outlying occurrences are mesothermal-type mineral deposits typical of the world's prolific orogenic structural-lithologic belts.

The underground operations in the district include five mining permits and a substantial current mining infrastructure, the largest being the SGX mine project. The information presented in Chapter 17 (Mineral Resources and Reserves) of this 43-101 Technical Report indicates there are significant Ag-Pb-Zn resources and reserves for the TLP-LM mine areas which are adjacent to existing underground mine workings, and the numerous Ag-Pb-Zn veins that cross the district have potential to host additional deposits of similar size and quality to those already defined or mined. Silvercorp's exploration and development efforts to date suggest that new discoveries in the district can probably be brought into production rather quickly.

The known geology and existing data indicate that in-fill and step-out tunneling and underground drilling campaigns stand a very good chance of significantly extending and expanding the known mineral resources as well as discovering new areas or pockets of vein mineralization along strike and to depth. None of the mine areas have yet been explored to great depth. The mesothermal Ag-Pb-Zn vein model predicts that some, perhaps many, of the vein systems in the Ying District could persist with mineable widths and grades to considerable depth, perhaps to depths of 2,000 meters or more, as currently being mined in the Coeur d'Alene District in Idaho, U.S.A. It appears the Ying District may be poised to become an increasingly important, long-lived silver-lead-zinc producing district.

Silvercorp's mining experience to date suggests that the resources categorized as measured and indicated in Chapter 17 of this Technical Report can in large part be upgraded to reserves. The mineral reserves as in this chapter appear to include reasonable dilution and recovery factors. For these reasons, the current reserves and any new reserves defined in the future will likely be reasonably recoverable and present no significant processing issues. Silvercorp's excellent existing infrastructure combined with favorable metal prices suggests that the Ying District offers excellent opportunities for potentially profitable "fast-track" mining developments.

The silver-lead-zinc targets on the additional veins or in outlying "frontier" areas require further exploration. The targets have had a moderate amount of previous work, but none have yet been fully explored. Several interesting targets include:

In summary, the Ying District offers the opportunity for several new mines with potential to significantly expand the known resources. Additionally, there many interesting exploration targets that promise potential for future viable discoveries. And equally important is the potential to extend the mineralized vein systems to depths far greater than those yet tested.

21.0 RECOMMENDATIONS

An intensive program to further develop and expand exploration is recommended for all the Ying District mines and mine areas. For the TLP Mine area, approximately 36,000 m of underground drilling is recommended to explore up-dip portions of the I, II, and III veins, which were the main focus of historical mining, and the IW, VI, T16, T22, T31 and other veins that are narrow but higher grade. These veins, which were discovered by Silvercorp, occur at the hanging wall of the I, II and II veins. For the LM Mine area, 35,000 m of underground drilling is recommended to define the strike and depth extensions of 30 newly-discovered narrow but higher grade veins at the LM West and LM.

The approximate for budget for this work is as follows:

TLP Mine Area	Meters	Cost
Underground drilling	36,000	$ 1.7 million
Total	36,000	$ 1.7 million

LM Mine Area		
Underground drilling	35,000	$ 1.6 million
Total	35,000	$ 1.6 million

22.0 REFERENCES

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23.0 DATE AND SIGNATURE PAGE

Spokane Valley, Washington, U.S.A.
May 20, 2011

"*Mel Klohn*"
Mel Klohn,, L.P. Geo.
Senior Consultant
BK Exploration Associates

Vancouver, British Columbia, CANADA
May 20, 2011

"*Wenchang Ni*"
Wenchang Ni, P. Eng.
Senior Engineer
Silvercorp Metals Inc.

Centralia, Washington, U.S.A.
May 20, 2011

"*Chris Broili*"
Chris Broili, C.P. Geo. & L.P. Geo.
Exploration Geologist
BK Exploration Associates

CERTIFICATE OF QUALIFIED PERSON

Mel Klohn, L.P. Geo.

I, Mel Klohn, of 11309 E. 48th Ave., Spokane Valley, Washington, U.S.A., am currently a Senior Consulting Geologist for BK Exploration Associates, a director of Elissa Resources Ltd., and Technical Advisor to Rio Novo Gold Inc. and to Hunt Mining Corp.

1. I am a co-author responsible for the preparation of the Technical Report titled "NI 43-101 Technical Report, Resources and Reserves Update, TLP and LM Mines, Ying District Silver-Lead-Zinc Project, Henan Province, People's Republic of China, for Silvercorp Metals Inc." and dated May 20, 2011.
2. I graduated with B.Sc. and M.Sc. degrees in Geology from the University of Oregon. I am a licensed Professional Geologist (#830) with the State of Washington, a member of the Society of Economic Geologists, the Canadian Institute for Mining and Metallurgy, and the Society for Mining Metallurgy and Exploration. I have been directly involved in resource exploration for the 44 years since my graduation, serving 25 years as a Professional Geologist and Senior Research Geoscientist for Exxon Corporation, and subsequently as Vice President of Exploration for Yamana Resources Inc., Yamana Gold Inc., Samba Gold Inc., Aura Gold Inc., and most recently Nevoro Inc. I have read the definition of "qualified person" set out in National Instrument 43-101 ("NI 43-101") and certify that by reason of my education, affiliation with a professional association as defined in NI 43-101, and past relevant work experience, I fulfill the requirements to be a "qualified person" for the purposes of NI 43-101.
3. I first visited the Ying properties from July 15 through 23, 2007, and have since reviewed the Ying project data in detail on an annual basis, both electronically and in Silvercorp's office in Vancouver, for NI 43-101 reporting purposes. I reviewed the project data for this current report in Silvercorp's Vancouver office from April 15 to 25, 2011.
4. I am responsible for Chapters 1 through 15, sections 17.1 through 17.3 of Chapter 17, and Chapters 19 and 20 of this report.
5. I am independent of the issuer applying all of the tests in Section 1.5 of NI 43-101.
6. I have read National Instrument 43-101 and Form 43-101F, and the Technical Report has been prepared in compliance with that instrument and form.
7. I certify that, as of the date of this Certificate, to the best of my knowledge, information and belief, this Technical Report contains all scientific and technical information that is required to be disclosed to make the Technical Report not misleading.

Dated this 20th day of May, 2011,
Spokane Valley, Washington, U.S.A.

"*Mel Klohn*"

Mel Klohn, L.P.Geo.

CERTIFICATE OF QUALIFIED PERSON

Wenchang Ni, P.Eng.

1. I, Wenchang Ni, P.Eng, am a Professional Engineer, and employed as a Senior Mining Engineer with Silvercorp Metals Inc. of Suite 1378 - 200 Granville Street in the City of Vancouver in the Province of British Columbia.
2. I am a co-author responsible for the preparation of the Technical Report titled "NI 43-101 Technical Report, Resources and Reserves Update, TLP and LM Mines, Ying District Silver-Lead-Zinc Project, Henan Province, People's Republic of China, for Silvercorp Metals Inc." and dated May 20, 2011.
3. I graduated with Bachelor's degree in Mining Engineering from the Henan Polytechnic University in 1982 and a Master's degree in Mineral Resource Engineering from the Laurentian University in 2007. I am a licensed Professional Engineer (#32078) in the Province of British Colombia. I have conducted mining operations and consulting for the past 29 years with Wuhan Design and Research Institute of Sinocoal International Engineering Group, PT. Bukit Sunur, Huckleberry Mines Ltd, and Wardrop Engineering Inc. I have read the definition of "qualified person" set out in National Instrument 43-101 ("NI 43-101") and certify that by reason of my education, affiliation with a professional association as defined in NI 43-101, and past relevant work experience, I fulfill the requirements to be a "qualified person" for the purposes of NI 43-101.
4. I worked in Ying District from February to May, 2011, and was responsible for mining plans and ore quality control. For preparing this technical report, I personally inspected the Silvercorp's central Mills, tailings dam and toured the surface and underground facilities of the Ying District properties between February 28th and March 4th, 2011. I have reviewed the mining plans and mineral reserve estimates.
5. I am not independent of Silvercorp Metals Inc. as defined in Section 1.4 of National Instrument 43-101, as I have been a full time employee of the company for the past few months, I own shares of Silvercorp and have been granted employee options to purchase shares in the company.
6. I am responsible for Chapters 16, 17.4, and 18 of this report.
7. I have read National Instrument 43-101 and Form 43-101F, and the Technical Report has been prepared in compliance with that instrument and form.
8. I certify that, as of the date of this Certificate, to the best of my knowledge, information, and belief, this Technical Report contains all scientific and technical information that is required to be disclosed to make the Technical Report not misleading.

Dated this 20th day of May, 2011,
Vancouver, British Colombia, Canada

"*Wenchang Ni*"

Wenchang Ni, P.Eng,

CERTIFICATE OF QUALIFIED PERSON

Chris Broili, C.P. Geo. & L.P. Geo.

I, Chris Broili, of 2104 Graf Road, Centralia, Washington, U.S.A., am currently an Exploration Geologist with BK Exploration Associates.

1. I am a co-author responsible for the preparation of the Technical Report titled "NI 43-101 Technical Report, Resources and Reserves Update, TLP and LM Mines, Ying District Silver-Lead-Zinc Project, Henan Province, People's Republic of China, for Silvercorp Metals Inc." and dated May 20, 2011.
2. I graduated with a B.Sc. degree in Geology from Oregon State University and a M.Sc. degree in Economic Geology from the University of Idaho, College of Mines. I am a licensed Professional Geologist in the State of Washington (#547), a Certified Professional Geologist (#7937) with the American Institute of Professional Geologists, a Fellow of the Society of Economic Geologists, and a member of the American Institute of Mining and Metallurgy. My relevant experience for purposes of this Technical Report include Senior Minerals Geologist with Union Carbide Corp. and Atlas Precious Metals Inc., Vice President of Exploration for Yamana Resources Inc., Vice President of Exploration for Mines Management Inc., and Senior Geological Consultant for numerous junior and senior mining companies. I have been directly involved in mining exploration for the past 40 years. I have read the definition of "qualified person" set out in NI 43-101 ("NI 43-101") and certify that by reason of my education, affiliation with a professional association (as defined in NI 43-101) and past relevant work experience, I fulfill the requirements to be a "qualified person" for the purposes of NI 43-101.
3. I visited Silvercorp's Ying District properties many times from 2004 through 2008, and have reviewed the Ying project data in detail since on an annual basis, both electronically and in Silvercorp's office in Vancouver, for NI 43-101 reporting purposes. I reviewed electronic project data for this current report intermittently from March 9 through April 4, 2011.
4. I reviewed many of the chapters in this report with special emphasis on the longitudinal and cross-sections presented in Chapter 10 of this report.
5. I am independent of the issuer applying all of the tests in Section 1.5 of NI 43-101.
6. I have read National Instrument 43-101 and Form 43-101F, and the Technical Report has been prepared in compliance with that instrument and form.
7. I certify that, as of the date of this Certificate, to the best of my knowledge, information and belief, this Technical Report contains all scientific and technical information that is required to be disclosed to make the Technical Report not misleading.

Dated this 20th day of May, 2011,
Centralia, Washington, U.S.A.

"*Chris Broili*"

____
Chris Broili, C.P. Geo. and L.P.Geo.

CONSENT OF AUTHORS

TO: Toronto Stock Exchange
Ontario Securities Commission
British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Securities Commission
Manitoba Securities Commission
New Brunswick Securities Commission
Nova Scotia Securities Commission

We, **Mel Klohn**, L.P. Geo., of 11309 E. 48th Ave., Spokane Valley, Washington, U.S.A., **Wenchang Ni**, P. Eng., of Suite 1378-200 Granville St., Vancouver, B.C., and **Chris Broili**, C.P. Geo. & L.P. Geo., of 2104 Graf Road, Centralia, Washington, U.S.A., do hereby consent to the filing, with the regulatory authorities referred to above, of the technical report titled "NI 43-101 Technical Report, Resources and Reserves Update, TLP and LM Mines, Ying District Silver-Lead-Zinc Project, Henan Province, People's Republic of China, for Silvercorp Metals Inc." and dated May 20, 2011, (the "Technical Report") and to the written disclosure of the Technical Report and of extracts from or a summary of the Technical Report in the written disclosure in the Annual Information Form of Silvercorp Metals Inc. being filed.

Dated this 20th day of May, 2011

"*Mel Klohn*"
Mel Klohn,L.P. Geo.

"*Wenchang Ni*"
Wenchang Ni,P. Eng

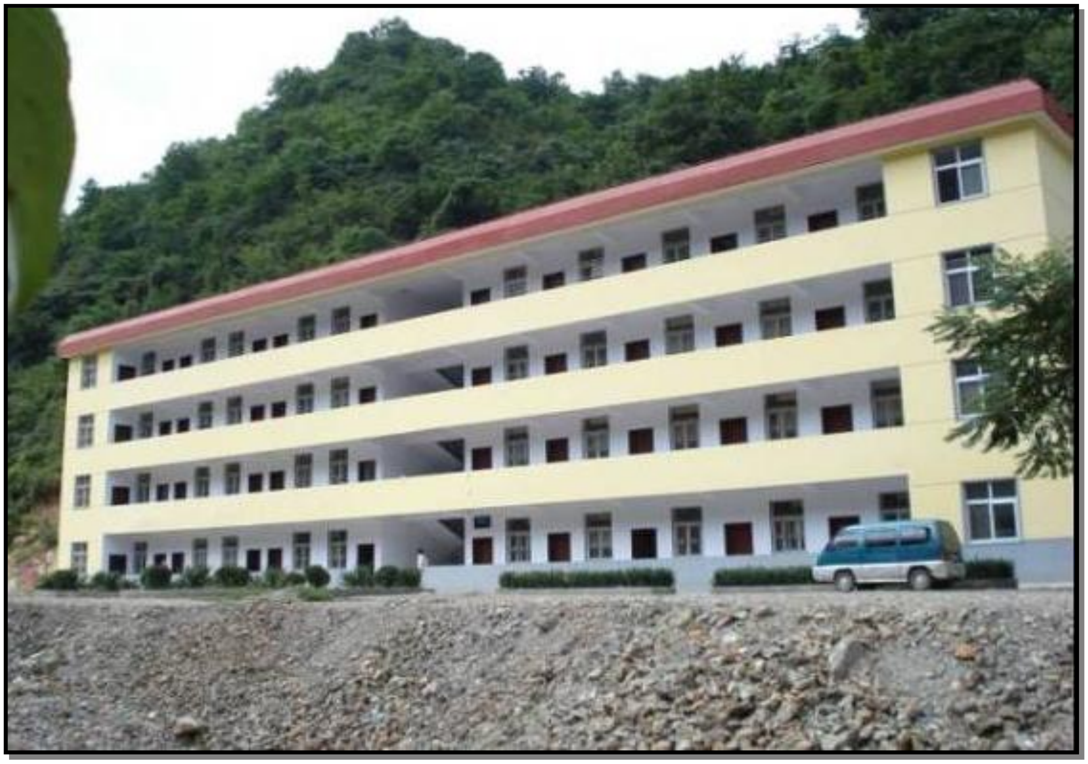
"*Chris Broili*"
Chris Broili,C.P. Geo.& L.P. Geo.

APPENDIX

Appendix 16-1: General View of No.2 Mill

Appendix 16-2: Milling and flotation Setup of No.2 Mill

Appendix 18-1: Office and accommodation facilities



Appendix 18-2: Tailing Dam of Zhuangtou TSF