



## **SILVERCORP METALS INC.**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**For the three and nine months ended December 31, 2017 and 2016**  
**(Expressed in thousands of US dollars, unless otherwise stated)**  
**(Unaudited)**

# SILVERCORP METALS INC.

## Condensed Consolidated Interim Statements of Financial Position

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

	Notes	As at December 31,		As at March 31,	
		2017		2017	
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	18	\$	66,274	\$	73,003
Short-term investments			46,986		23,466
Trade and other receivables			1,205		1,311
Inventories			13,631		8,710
Due from a related party	10		25		92
Prepays and deposits			3,972		4,250
			<b>132,093</b>		<b>110,832</b>
<b>Non-current Assets</b>					
Long-term prepaids and deposits			962		959
Reclamation deposits			5,363		5,054
Investment in an associate	3		33,902		8,517
Other investments	4		6,800		1,207
Plant and equipment	5		68,814		65,201
Mineral rights and properties	6		223,935		206,200
<b>TOTAL ASSETS</b>		\$	<b>471,869</b>	\$	<b>397,970</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Current Liabilities</b>					
Accounts payable and accrued liabilities		\$	34,799	\$	30,374
Deposits received			7,351		6,798
Income tax payable			5,037		2,985
			<b>47,187</b>		<b>40,157</b>
<b>Non-current Liabilities</b>					
Deferred income tax liabilities			31,516		27,692
Environmental rehabilitation			13,215		12,186
<b>Total Liabilities</b>			<b>91,918</b>		<b>80,035</b>
<b>Equity</b>					
Share capital			230,844		232,155
Share option reserve	7		14,343		13,325
Reserves			25,409		25,409
Accumulated other comprehensive loss	8		(32,164)		(50,419)
Retained earnings			74,089		42,651
<b>Total equity attributable to the equity holders of the Company</b>			<b>312,521</b>		<b>263,121</b>
<b>Non-controlling interests</b>	9		<b>67,430</b>		<b>54,814</b>
<b>Total Equity</b>			<b>379,951</b>		<b>317,935</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		\$	<b>471,869</b>	\$	<b>397,970</b>
<b>Commitments and contingencies</b>	17				

Approved on behalf of the Board:

(Signed) David Kong

Director

(Signed) Rui Feng

Director

See accompanying notes to the condensed consolidated interim financial statements

# SILVERCORP METALS INC.

## Condensed Consolidated Interim Statements of Income

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

	Notes	Three Months Ended December 31,		Nine Months Ended December 31,	
		2017	2016	2017	2016
<b>Sales</b>	16(c)	\$ 44,352	\$ 47,838	\$ 131,590	\$ 129,407
<b>Cost of sales</b>					
Production costs		15,553	14,921	45,839	42,863
Mineral resource taxes		1,255	1,361	3,683	2,802
Depreciation and amortization		4,378	5,178	13,291	15,861
		<b>21,186</b>	<b>21,460</b>	<b>62,813</b>	<b>61,526</b>
<b>Gross profit</b>		<b>23,166</b>	<b>26,378</b>	<b>68,777</b>	<b>67,881</b>
General and administrative	11	4,915	3,950	13,958	12,462
Government fees and other taxes	12	902	1,050	2,433	3,476
Foreign exchange (gain) loss		(236)	(444)	2,490	(536)
Loss on disposal of plant and equipment	5	148	392	324	457
Gain on disposal of NSR	4	-	-	(4,320)	-
Share of loss (income) in associate	3	142	126	511	(160)
Dilution gain on investment in associate	3	(822)	-	(822)	-
Reclassification of other comprehensive loss upon ownership dilution of investment in associate	3, 8	18	-	18	-
Impairment of plant and equipment and mineral rights and properties		-	-	-	181
Other income		(1,560)	(201)	(1,867)	(324)
<b>Income from operations</b>		<b>19,659</b>	<b>21,505</b>	<b>56,052</b>	<b>52,325</b>
Finance income	13	822	647	2,046	1,615
Finance costs	13	(112)	(161)	(329)	(685)
<b>Income before income taxes</b>		<b>20,369</b>	<b>21,991</b>	<b>57,769</b>	<b>53,255</b>
Income tax expense	14	4,302	5,353	13,586	14,091
<b>Net income</b>		<b>\$ 16,067</b>	<b>\$ 16,638</b>	<b>\$ 44,183</b>	<b>\$ 39,164</b>
<b>Attributable to:</b>					
Equity holders of the Company		\$ 12,718	\$ 13,115	\$ 34,800	\$ 30,167
Non-controlling interests	9	3,349	3,523	9,383	8,997
		<b>\$ 16,067</b>	<b>\$ 16,638</b>	<b>\$ 44,183</b>	<b>\$ 39,164</b>
<b>Earnings per share attributable to the equity holders of the Company</b>					
<b>Basic earnings per share</b>		\$ 0.08	\$ 0.08	\$ 0.21	\$ 0.18
<b>Diluted earnings per share</b>		\$ 0.07	\$ 0.08	\$ 0.20	\$ 0.18
<b>Weighted Average Number of Shares Outstanding - Basic</b>		<b>168,077,624</b>	<b>167,192,640</b>	<b>168,003,035</b>	<b>167,048,582</b>
<b>Weighted Average Number of Shares Outstanding - Diluted</b>		<b>169,782,024</b>	<b>171,284,390</b>	<b>169,992,421</b>	<b>171,115,860</b>

See accompanying notes to the condensed consolidated interim financial statements

# SILVERCORP METALS INC.

## Condensed Consolidated Interim Statements of Comprehensive Income

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

	Notes	Three Months Ended December 31,		Nine Months Ended December 31,	
		2017	2016	2017	2016
<b>Net income</b>		\$ 16,067	\$ 16,638	\$ 44,183	\$ 39,164
<b>Other comprehensive income (loss), net of taxes:</b>					
Items that may subsequently be reclassified to net income or loss:					
Currency translation adjustment, net of tax of \$nil		6,519	(11,730)	20,662	(20,602)
Share of other comprehensive (loss) income in associate	3	(38)	61	(51)	(12)
Reclassification to net income upon ownership dilution of investment in associate	3, 8	18	-	18	-
Items that will not subsequently be reclassified to net income or loss:					
Change in fair value on equity investments designated as FVTOCI, net of tax of \$nil	4	338	(122)	859	19
<b>Other comprehensive income (loss), net of taxes</b>		\$ 6,837	\$ (11,791)	\$ 21,488	\$ (20,595)
<b>Attributable to:</b>					
Equity holders of the Company		\$ 5,471	\$ (9,769)	\$ 18,255	\$ (16,991)
Non-controlling interests	9	1,366	(2,022)	3,233	(3,604)
		\$ 6,837	\$ (11,791)	\$ 21,488	\$ (20,595)
<b>Total comprehensive income</b>		\$ 22,904	\$ 4,847	\$ 65,671	\$ 18,569
<b>Attributable to:</b>					
Equity holders of the Company		\$ 18,189	\$ 3,346	\$ 53,055	\$ 13,176
Non-controlling interests		4,715	1,501	12,616	5,393
		\$ 22,904	\$ 4,847	\$ 65,671	\$ 18,569

See accompanying notes to the condensed consolidated interim financial statements

# SILVERCORP METALS INC.

## Condensed Consolidated Interim Statements of Cash Flows

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

	Notes	Three Months Ended December 31,		Nine Months Ended December 31,	
		2017	2016	2017	2016
<b>Cash provided by</b>					
<b>Operating activities</b>					
Net income		\$ 16,067	\$ 16,638	\$ 44,183	\$ 39,164
Add (deduct) items not affecting cash:					
Finance costs	13	112	161	329	685
Depreciation, amortization and depletion		4,683	5,463	14,176	16,812
Share of loss (income) in associate	3	142	126	511	(160)
Dilution gain on investment in associate	3	(822)	-	(822)	-
Reclassification of other comprehensive loss upon womership dilution of investment in associate	3, 8	18	-	18	-
Gain on disposal of NSR	4	-	-	(4,320)	-
Impairment of plant and equipment and mineral rights and properties		-	-	-	181
Income tax expense	14	4,302	5,353	13,586	14,091
Finance income	13	(822)	(647)	(2,046)	(1,615)
Loss on disposal of plant and equipment	5	148	392	324	457
Share-based compensation	7(b)	458	214	1,144	654
Income taxes paid		(2,065)	(1,115)	(9,647)	(4,030)
Interest received		822	647	2,046	1,615
Interest paid		-	(853)	-	(954)
Changes in non-cash operating working capital	18	4,431	1,955	5,598	8,656
<b>Net cash provided by operating activities</b>		<b>27,474</b>	<b>28,334</b>	<b>65,080</b>	<b>75,556</b>
<b>Investing activities</b>					
Mineral rights and properties					
Capital expenditures		(5,705)	(14,897)	(16,638)	(25,605)
Plant and equipment					
Additions		(1,724)	(1,433)	(4,455)	(4,556)
Proceeds on disposals	5	-	19	19	51
Other investments					
Acquisition	6	-	(782)	-	(782)
Proceeds on disposals	6	-	-	-	33
Reclamation		(17)	(1,775)	(36)	(2,160)
Investment in associate	3	(3,836)	-	(23,861)	-
Net purchases of short-term investments		10,422	(5,542)	(21,345)	(11,518)
<b>Net cash used in investing activities</b>		<b>(860)</b>	<b>(24,410)</b>	<b>(66,316)</b>	<b>(44,537)</b>
<b>Financing activities</b>					
Non-controlling interests					
Distribution	9	-	-	(4,891)	(1,460)
Cash dividends distributed	7(c)	(1,683)	(1,585)	(3,362)	(1,585)
Proceeds from issuance of common shares		174	192	342	489
Common shares repurchased as part of normal course issuer bid	7(d)	(1,779)	-	(1,779)	-
<b>Net cash used in financing activities</b>		<b>(3,288)</b>	<b>(1,393)</b>	<b>(9,690)</b>	<b>(2,556)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>		<b>1,579</b>	<b>(2,041)</b>	<b>4,197</b>	<b>(3,452)</b>
<b>Increase (decrease) in cash and cash equivalents</b>		<b>24,905</b>	<b>490</b>	<b>(6,729)</b>	<b>25,011</b>
<b>Cash and cash equivalents, beginning of the period</b>		<b>41,369</b>	<b>66,484</b>	<b>73,003</b>	<b>41,963</b>
<b>Cash and cash equivalents, end of the period</b>		<b>\$ 66,274</b>	<b>\$ 66,974</b>	<b>\$ 66,274</b>	<b>\$ 66,974</b>
Supplementary cash flow information	18				

See accompanying notes to the condensed consolidated interim financial statements

# SILVERCORP METALS INC.

## Condensed Consolidated Interim Statements of Changes in Equity

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

	Notes	Share capital		Share option reserve	Reserves	Accumulated other comprehensive loss	Retained earnings (deficit)	Total equity attributable to the equity holders of the Company	Non-controlling interests	Total equity
		Number of shares	Amount							
<b>Balance, April 1, 2016</b>		166,846,356	\$ 230,933	\$ 12,628	\$ 25,409	\$ (35,994)	\$ 562	\$ 233,538	\$ 53,021	\$ 286,559
Options exercised		460,964	657	(168)	-	-	-	489	-	489
Share-based compensation		-	-	654	-	-	-	654	-	654
Dividends declared		-	-	-	-	-	(1,585)	(1,585)	-	(1,585)
Distribution to non-controlling interests		-	-	-	-	-	-	-	(1,460)	(1,460)
Comprehensive (loss) income		-	-	-	-	(16,991)	30,167	13,176	5,393	18,569
<b>Balance, December 31, 2016</b>		167,307,320	\$ 231,590	\$ 13,114	\$ 25,409	\$ (52,985)	\$ 29,144	\$ 246,272	\$ 56,954	\$ 303,226
Options exercised		582,316	565	(150)	-	-	-	415	-	415
Share-based compensation		-	-	361	-	-	-	361	-	361
Distribution to non-controlling interests		-	-	-	-	-	-	-	(5,630)	(5,630)
Comprehensive income		-	-	-	-	2,566	13,507	16,073	3,490	19,563
<b>Balance, March 31, 2017</b>		167,889,636	\$ 232,155	\$ 13,325	\$ 25,409	\$ (50,419)	\$ 42,651	\$ 263,121	\$ 54,814	\$ 317,935
Options exercised		564,619	468	(126)	-	-	-	342	-	342
Share-based compensation	7(b)	-	-	1,144	-	-	-	1,144	-	1,144
Dividends declared	7(c)	-	-	-	-	-	(3,362)	(3,362)	-	(3,362)
Common shares repurchased as part of normal course issuer bid	7(d)	(788,000)	(1,779)	-	-	-	-	(1,779)	-	(1,779)
Comprehensive income		-	-	-	-	18,255	34,800	53,055	12,616	65,671
<b>Balance, December 31, 2017</b>		167,666,255	\$ 230,844	\$ 14,343	\$ 25,409	\$ (32,164)	\$ 74,089	\$ 312,521	\$ 67,430	\$ 379,951

See accompanying notes to the condensed consolidated interim financial statements

# SILVERCORP METALS INC.

## Notes to Condensed Consolidated Interim Financial Statements as at December 31, 2017 and for three and nine months ended December 31, 2017 and 2016

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

### 1. CORPORATE INFORMATION

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

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

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

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

### 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

These condensed consolidated interim financial statements were authorized for issue in accordance with a resolution of the Board of Directors dated on February 7, 2018.

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

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

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

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

# SILVERCORP METALS INC.

## Notes to Condensed Consolidated Interim Financial Statements as at December 31, 2017 and for three and nine months ended December 31, 2017 and 2016

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

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

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

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

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

(i) British Virgin Island ("BVI")

(ii) Collectively as "Ying Mining District"

### *(c) Accounting standards issued but not yet in effect*

IFRS 15 – *Revenue from contracts with customers*, the standard on revenue from contracts with customers was issued in September 2015 and may be effective for annual reporting periods beginning on or after January 1, 2018 for public entities with early adoption permitted. Entities have the option of using either a full retrospective or a modified retrospective approach to adopt the guidance. In April 2016, the IASB issued targeted amendments to IFRS 15 related to identifying performance obligations, principal vs agent consideration, licensing and transitional relief for modified contracts and completed contracts. The Company has reviewed its revenue streams and underlying contracts with customers to determine the impact that the adoption of IFRS 15 will have on its financial statements. The Company plans to apply IFRS 15 at the date it becomes effective but has not yet selected a transition approach and does not anticipate that there will be any significant recognition or measurement impact subsequent to adoption. The Company continues to evaluate the impact that the adoption will have on disclosure in the consolidated financial statements.



# SILVERCORP METALS INC.

## Notes to Condensed Consolidated Interim Financial Statements as at December 31, 2017 and for three and nine months ended December 31, 2017 and 2016

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

IFRS 9 (2014) – *Financial Instruments (amended 2014)*: In July 2014, the IASB issued the final version of IFRS 9 – *Financial Instruments (“IFRS 9”)*. The Company adopted IFRS 9 (2010) – *Financial Instruments* effective April 1, 2011. The Company has reviewed its financial instruments to determine the impact that the adoption of IFRS 9 will have on its financial statements. The Company does not anticipate that there will be any changes to the classification or the carrying values of the Company’s financial instruments as a result of the adoption. The Company does not currently apply hedge accounting to its risk management contracts and does not intend to apply hedge accounting to any of its existing risk management contracts on adoption of IFRS 9. The Company continues to evaluate the impact that the adoption will have on disclosure in the consolidated financial statements.

IFRS 16 - *Leases* was issued by the IASB and will replace *Leases (“IAS 17”)*. IFRS 16 requires most leases to be reported on a company’s balance sheet as assets and liabilities. IFRS 16 is effective for annual periods beginning on or after January 1, 2019 with early application permitted for companies that also apply IFRS 15 - *Revenue from Contracts with Customers*. The Company has developed a project plan and is gathering data to assess the impact that the adoption of IFRS 16 will have on its consolidated financial statements by cataloging and reviewing all existing leases.

### 3. INVESTMENT IN AN ASSOCIATE

New Pacific Metals Corp. (“NUAG”) is a Canadian public company listed on the TSX Venture Exchange (symbol: NUAG). NUAG is a related party of the Company by way of two common directors and officers, and the Company accounts for its investment in NUAG using the equity method as it is able to exercise significant influence over the financial and operating policies of NUAG.

In July 2017, the Company participated in NUAG’s private placement and subscribed 25,000,000 common shares of NUAG for \$20.0 million and acquired additional 474,600 shares from the public market for \$0.5 million during the nine months ended December 31, 2017.

In November 2017, the Company participated in NUAG’s strategic private placement. The placement was for 19,000,000 million units, and the Company subscribed 3,000,000 units while Pan American Silver Corp. subscribed 16,000,000 units, at a price of CAD\$1.42 per unit. Each unit is comprised of one common share of NUAG and one half of one common share purchase warrant. Arising from this strategic private placement, the Company’s ownership in NUAG was diluted from 32.2% to 29.8% and a dilution gain of \$0.8 million was recorded.

For three and nine months ended December 31, 2017, other comprehensive loss of \$18 and \$18, respectively (three and nine months ended December 31, 2016 - \$nil and \$nil, respectively) was reclassified to net income as a result of the Company’s ownership dilution in NUAG.

As at December 31, 2017, the Company owned 39,280,900 common shares (March 31, 2017 – 10,806,300) of NUAG, representing an ownership interest of 29.8% (March 31, 2017 – 16.1%). The summary of the investment in NUAG common shares and its market value as at the respective balance sheet dates are as follows:

# SILVERCORP METALS INC.

## Notes to Condensed Consolidated Interim Financial Statements as at December 31, 2017 and for three and nine months ended December 31, 2017 and 2016

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

	Number of shares	Amount	Value of NUAG's common shares per quoted market price
Balance, April 1, 2016	10,806,300	\$ 3,133	\$ 2,333
Share of net income		282	
Share of other comprehensive loss		(12)	
Impairment recovery		5,278	
Foreign exchange impact		(164)	
Balance, March 31, 2017	10,806,300	8,517	8,517
Participate in Private placement	28,000,000	23,352	
Purchase from open market	474,600	509	
Share of net loss		(511)	
Share of other comprehensive loss		(51)	
Dilution gain		822	
Foreign exchange impact		1,264	
<b>Balance December 31, 2017</b>	<b>39,280,900</b>	<b>\$ 33,902</b>	<b>\$ 46,029</b>

#### 4. OTHER INVESTMENTS

	December 31, 2017	March 31, 2017
<b>Equity investments designated as FVTOCI</b>		
Publicly-traded companies	\$ 6,800	\$ 1,207

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

Investments in publicly-traded companies represent equity interests of other publicly-trading mining companies that the Company has acquired through the open market or through private placements. These equity interests are for long-term investment purposes and consist of common shares and warrants. As of December 31, 2017, none of the investments held by the Company represented more than 10% of the respective interest of investees.

The continuity of such investments is as follow:

	Fair value	Accumulated fair value change included in OCI
April 1, 2016	\$ 287	\$ (6,429)
Change in fair value on equity investments designated as FVTOCI	196	196
Purchase of equity investments	782	-
Impact of foreign currency translation	(58)	-
March 31, 2017	\$ 1,207	\$ (6,233)
Change in fair value on equity investments designated as FVTOCI	859	859
Equity investments received as consideration for disposal of NSR	4,320	-
Impact of foreign currency translation	414	-
<b>December 31, 2017</b>	<b>\$ 6,800</b>	<b>\$ (5,374)</b>

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

# SILVERCORP METALS INC.

## Notes to Condensed Consolidated Interim Financial Statements as at December 31, 2017 and for three and nine months ended December 31, 2017 and 2016

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

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

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

### 5. PLANT AND EQUIPMENT

Plant and equipment consist of:

Cost	Land use rights and building	Office equipment	Machinery	Motor vehicles	Construction in progress	Total
Balance as at April 1, 2016	\$ 91,162	\$ 6,442	\$ 27,255	\$ 7,103	\$ 9,075	\$ 141,037
Additions	1,748	215	850	300	1,656	4,769
Disposals	(267)	(323)	(321)	(837)	(3)	(1,751)
Reclassification of asset groups <sup>(1)</sup>	7,841	-	318	-	(8,159)	-
Impact of foreign currency translation	(6,000)	(370)	(1,750)	(435)	(426)	(8,981)
Balance as at March 31, 2017	\$ 94,484	\$ 5,964	\$ 26,352	\$ 6,131	\$ 2,143	\$ 135,074
Additions	1,120	707	816	438	1,212	4,293
Disposals	(245)	(184)	(293)	(424)	-	(1,146)
Reclassification of asset groups <sup>(1)</sup>	339	-	4	-	(343)	-
Impact of foreign currency translation	5,625	634	1,284	330	154	8,027
<b>Ending balance as at December 31, 2017</b>	<b>\$ 101,323</b>	<b>\$ 7,121</b>	<b>\$ 28,163</b>	<b>\$ 6,475</b>	<b>\$ 3,166</b>	<b>\$ 146,248</b>

#### Impairment, accumulated depreciation and amortization

Balance as at April 1, 2016	\$ (42,658)	\$ (4,693)	\$ (17,177)	\$ (5,407)	\$ (57)	\$ (69,992)
Disposals	82	276	187	617	-	1,162
Depreciation and amortization	(2,893)	(507)	(1,674)	(480)	-	(5,554)
Impact of foreign currency translation	2,763	258	1,144	342	4	4,511
Balance as at March 31, 2017	\$ (42,706)	\$ (4,666)	\$ (17,520)	\$ (4,928)	\$ (53)	\$ (69,873)
Disposals	67	166	205	365	-	803
Depreciation and amortization	(2,352)	(304)	(1,215)	(282)	-	(4,153)
Impact of foreign currency translation	(2,581)	(265)	(1,075)	(287)	(3)	(4,211)
<b>Ending balance as at December 31, 2017</b>	<b>\$ (47,572)</b>	<b>\$ (5,069)</b>	<b>\$ (19,605)</b>	<b>\$ (5,132)</b>	<b>\$ (56)</b>	<b>\$ (77,434)</b>

#### Carrying amounts

Balance as at March 31, 2017	\$ 51,778	\$ 1,298	\$ 8,832	\$ 1,203	\$ 2,090	\$ 65,201
<b>Ending balance as at December 31, 2017</b>	<b>\$ 53,751</b>	<b>\$ 2,052</b>	<b>\$ 8,558</b>	<b>\$ 1,343</b>	<b>\$ 3,110</b>	<b>\$ 68,814</b>

<sup>(1)</sup> when an asset is available for use, it is reclassified from construction in progress to one of the appropriate plant and equipment categories.

Carrying amounts as at December 31, 2017	Ying Mining District	BYP	GC	Other	Total
Land use rights and building	\$ 36,638	\$ 2,502	\$ 13,543	\$ 1,070	\$ 53,753
Office equipment	1,661	46	165	179	2,051
Machinery	5,622	344	2,593	-	8,559
Motor vehicles	1,246	33	61	2	1,342
Construction in progress	1,209	1,900	-	-	3,109
<b>Total</b>	<b>\$ 46,376</b>	<b>\$ 4,825</b>	<b>\$ 16,362</b>	<b>\$ 1,251</b>	<b>\$ 68,814</b>

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

# SILVERCORP METALS INC.

## Notes to Condensed Consolidated Interim Financial Statements as at December 31, 2017 and for three and nine months ended December 31, 2017 and 2016

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

During the three and nine months ended December 31, 2017, certain plant and equipment were disposed for proceeds of \$nil and \$19, respectively (three and nine months ended December 31, 2016 - \$19 and \$51, respectively) and loss of \$148 and \$324, respectively (three and nine months ended December 31, 2016 – loss of \$392 and \$457, respectively).

### 6. MINERAL RIGHTS AND PROPERTIES

Mineral rights and properties consist of:

Cost	Producing and development properties			Exploration and evaluation properties			Total
	Ying Mining District	BYP	GC	XHP	RZY		
Balance as at April 1, 2016	\$ 232,127	\$ 64,815	\$ 109,478	\$ 21,257	\$ 179	\$	\$ 427,856
Capitalized expenditures	18,058	-	714	-	-	-	18,772
Mine right fee	1,337	-	-	-	-	-	1,337
Environmental rehabilitation	(1,448)	(101)	(57)	-	-	-	(1,606)
Foreign currency translation impact	(15,227)	(968)	(6,933)	(1,351)	(5)	-	(24,484)
Balance as at March 31, 2017	\$ 234,847	\$ 63,746	\$ 103,202	\$ 19,906	\$ 174	\$	\$ 421,875
Capitalized expenditures	16,200	-	246	234	-	-	16,680
Foreign currency translation impact	14,305	829	6,065	1,175	11	-	22,385
<b>Ending balance as at December 31, 2017</b>	<b>\$ 265,352</b>	<b>\$ 64,575</b>	<b>\$ 109,513</b>	<b>\$ 21,315</b>	<b>\$ 185</b>	<b>\$</b>	<b>\$ 460,940</b>
<b>Impairment and accumulated depletion</b>							
Balance as at April 1, 2016	\$ (55,524)	\$ (57,386)	\$ (77,609)	\$ (21,257)	\$ -	\$	\$ (211,776)
Impairment loss	-	-	-	-	(181)	-	(181)
Depletion	(12,457)	-	(1,869)	-	-	-	(14,326)
Foreign currency translation impact	3,824	495	4,931	1,351	7	-	10,608
Balance as at March 31, 2017	\$ (64,157)	\$ (56,891)	\$ (74,547)	\$ (19,906)	\$ (174)	\$	\$ (215,675)
Depletion	(9,659)	-	(1,561)	-	-	-	(11,220)
Foreign currency translation impact	(4,078)	(427)	(4,427)	(1,167)	(11)	-	(10,110)
<b>Ending balance as at December 31, 2017</b>	<b>\$ (77,894)</b>	<b>\$ (57,318)</b>	<b>\$ (80,535)</b>	<b>\$ (21,073)</b>	<b>\$ (185)</b>	<b>\$</b>	<b>\$ (237,005)</b>
<b>Carrying amounts</b>							
Balance as at March 31, 2017	\$ 170,690	\$ 6,855	\$ 28,655	\$ -	\$ -	\$	\$ 206,200
<b>Ending balance as at December 31, 2017</b>	<b>\$ 187,458</b>	<b>\$ 7,257</b>	<b>\$ 28,978</b>	<b>\$ 242</b>	<b>\$ -</b>	<b>\$</b>	<b>\$ 223,935</b>

### 7. SHARE CAPITAL

#### (a) Authorized

Unlimited number of common shares without par value. All shares issued as at December 31, 2017 were fully paid.

#### (b) Stock options

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

# SILVERCORP METALS INC.

## Notes to Condensed Consolidated Interim Financial Statements as at December 31, 2017 and for three and nine months ended December 31, 2017 and 2016

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

	Number of shares	Weighted average exercise price per share CAD\$
Balance, April 1, 2016	9,174,025	\$ 2.39
Options granted	1,173,000	3.77
Options exercised	(1,043,280)	1.13
Options forfeited	(847,238)	3.61
Options expired	(777,000)	8.92
Balance, March 31, 2017	7,679,507	\$ 1.97
Option granted	1,120,000	3.36
Options exercised	(564,619)	0.77
Options forfeited	(116,125)	2.92
Options expired	(505,000)	5.70
<b>Balance, December 31, 2017</b>	<b>7,613,763</b>	<b>\$ 2.00</b>

During the nine months ended December 31, 2017, a total of 1,120,000 options with a life of three years were granted to officers and employees at an exercise price of CAD\$3.36 per share subject to a vesting schedule over a two-year term with 25% of the options vesting every six months from the date of grant.

The fair value of stock options granted during the nine months ended December 31, 2017 and 2016 were calculated as of the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	Nine months ended December 31,	
	2017	2016
Risk free interest rate	1.54%	0.59%
Expected life of option in years	2.25 years	2.25 years
Expected volatility	72%	70%
Expected dividend yield	1.17%	-
Estimated forfeiture rate	10%	11%
Weighted average share of price at date of grant	\$3.36	\$4.34

The weighted average grant date fair value of options granted during the nine months ended December 31, 2017 was CAD\$1.33 (nine months ended December 31, 2016 – CAD\$1.74). Volatility was determined based on the historical volatility of the Company's shares over the estimated life of stock options. For the three and nine months ended December 31, 2017, a total of \$458 and \$1,114, respectively (three and nine months ended December 31, 2016 - \$214 and \$654, respectively) in share-based compensation expense was recognized and included in the general and administrative expenses on the condensed consolidated interim statements of income.

# SILVERCORP METALS INC.

## Notes to Condensed Consolidated Interim Financial Statements as at December 31, 2017 and for three and nine months ended December 31, 2017 and 2016

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

The following table summarizes information about stock options outstanding at December 31, 2017:

Exercise price in CAD\$	Number of options outstanding at December 31, 2017	Weighted average contractual life (Years)	Weighted average exercise price in CAD\$	Number of options exercisable at December 31, 2017	Weighted average exercise price in CAD\$
\$ 0.66	2,591,294	1.00	\$ 0.66	2,591,294	0.66
\$ 1.43	1,497,257	2.42	\$ 1.43	1,221,425	1.43
\$ 1.75	354,625	1.41	\$ 1.75	305,000	1.75
\$ 1.76	238,683	1.79	\$ 1.76	174,109	1.76
\$ 2.98	126,843	1.06	\$ 2.98	117,876	2.98
\$ 3.25	168,375	0.42	\$ 3.25	168,375	3.25
\$ 3.36	1,070,000	2.75	\$ 3.36	-	-
\$ 3.41	266,124	0.70	\$ 3.41	266,124	3.41
\$ 3.63	960,000	2.05	\$ 3.63	247,500	3.63
\$ 3.91	167,562	0.18	\$ 3.91	167,562	3.91
\$ 4.34	143,000	1.71	\$ 4.34	71,500	4.34
\$ 5.58	30,000	2.15	\$ 5.58	7,500	5.58
<b>\$ 0.66 - 5.58</b>	<b>7,613,763</b>	<b>1.68</b>	<b>\$ 2.00</b>	<b>5,338,265</b>	<b>\$ 1.50</b>

Subsequent to December 31, 2017, a total of 101,767 options with exercise prices ranging from CAD\$0.66 to CAD\$2.98 were exercised and 65,751 options with exercise prices ranging from CAD\$1.43 to CAD\$3.63 were cancelled.

### (c) Cash dividends declared

During the three and nine months ended December 31, 2017, dividends of \$1,683 and \$3,362, respectively (for three and nine months ended December 31, 2016 - \$1,585 and \$1,585, respectively) were declared and paid.

### (d) Normal course issuer bid

On November 23, 2017, the Company announced a normal course issuer bid ("NCIB") which allows it to acquire up to 8,409,712 of its own common shares until November 26, 2018.

As at December 31, 2017, the Company acquired a total of 788,000 common shares at a cost of \$1,779 under the NCIB program. Transaction costs related to the acquisition of the common shares were \$6. All shares bought were subsequently cancelled.

## 8. ACCUMULATED OTHER COMPREHENSIVE INCOME

	December 31, 2017	March 31, 2017
Change in fair value on equity investments designated as FVTOCI	\$ (37,027)	\$ (37,886)
Share of other comprehensive loss in associate	(231)	(198)
Currency translation adjustment	5,094	(12,335)
Balance, end of the period	\$ (32,164)	\$ (50,419)

# SILVERCORP METALS INC.

## Notes to Condensed Consolidated Interim Financial Statements as at December 31, 2017 and for three and nine months ended December 31, 2017 and 2016

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

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

### 9. NON-CONTROLLING INTERESTS

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

	Henan Found	Henan Huawei	Yunxiang	Guangdong Found	SX Gold	Total
Balance, April 1, 2016	\$ 51,596	\$ 4,231	\$ 4,197	\$ (3,082)	\$ (3,921)	\$ 53,021
Share of net income (loss)	11,247	756	(340)	186	(25)	11,824
Share of other comprehensive income (loss)	(2,703)	(141)	(193)	48	48	(2,941)
Distributions	(6,328)	(762)	-	-	-	(7,090)
Balance, March 31, 2017	\$ 53,812	\$ 4,084	\$ 3,664	\$ (2,848)	\$ (3,898)	\$ 54,814
Share of net income (loss)	7,980	945	(286)	323	421	9,383
Share of other comprehensive income (loss)	2,847	303	136	(24)	(29)	3,233
<b>Balance, December 31, 2017</b>	<b>\$ 64,639</b>	<b>\$ 5,332</b>	<b>\$ 3,514</b>	<b>\$ (2,549)</b>	<b>\$ (3,506)</b>	<b>\$ 67,430</b>

As at December 31, 2017, non-controlling interests in Henan Found, Henan Huawei, Yunxiang, Guangdong Found and SX Gold were 22.5%, 20%, 30%, 5% and 22.5%, respectively.

Henan Non-ferrous Geology Minerals Ltd. ("Henan Non-ferrous") is the 17.5% equity interest holder of Henan Found. During the three and nine months ended December 31, 2017, Henan Found paid dividends of \$nil and \$3,804, respectively that was declared and accrued in the prior year to Henan Non-ferrous (three and nine months ended December 31, 2016 – \$nil and \$1,460, respectively).

Henan Xinxiangrong Mining Ltd. ("Henan Xinxiangrong") is the 5% equity interest holder of Henan Found. During the three and nine months ended December 31, 2017, Henan Found paid dividends of \$nil and \$1,087, respectively that was declared and accrued in the prior year to Henan Xinxiangrong (three and nine months ended December 31, 2016 – \$nil and \$nil, respectively).

### 10. RELATED PARTY TRANSACTIONS

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

#### *(a) Transactions with NUAG*

<b>Due from related parties</b>	<b>December 31, 2017</b>	<b>March 31, 2017</b>
NUAG	\$ 25	\$ 92

According to a services and administrative costs reallocation agreement between the Company and NUAG, the Company recovers costs for services rendered to NUAG and expenses incurred on behalf of NUAG. During the three and nine months ended December 31, 2017, the Company recovered \$137 and \$387, respectively (three and nine months ended December 31, 2016 - \$46 and \$139, respectively) from NUAG for services rendered and expenses incurred on behalf of NUAG. The costs recovered from NUAG were

# SILVERCORP METALS INC.

## Notes to Condensed Consolidated Interim Financial Statements as at December 31, 2017 and for three and nine months ended December 31, 2017 and 2016

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

recorded as a direct reduction of general and administrative expenses on the condensed consolidated interim statements of income.

### (b) Transactions with key management personnel

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

	Three Month ended December 31, 2017		Nine Month ended December 31,	
	2017	2016	2017	2016
Salaries and bonuses	\$ 376	\$ 357	\$ 1,908	\$ 1,094
Share-based compensation	433	-	433	134
	\$ 809	\$ 357	\$ 2,341	\$ 1,228

## 11. GENERAL AND ADMINISTRATIVE

General and administrative expenses consist of:

General and administrative	Three months ended December 31,		Nine months ended December 31,	
	2017	2016	2017	2016
Office and administrative expenses	\$ 1,894	\$ 1,379	\$ 4,886	\$ 4,074
Amortization and depreciation	305	285	885	951
Salaries and benefits	2,176	1,833	6,315	5,305
Share-based compensation	458	214	1,144	654
Professional fees	82	239	728	1,478
	\$ 4,915	\$ 3,950	\$ 13,958	\$ 12,462

## 12. GOVERNMENT FEES AND OTHER TAXES

Government fees and other taxes consist of:

	Three months ended December 31,		Nine months ended December 31,	
	2017	2016	2017	2016
Government fees	\$ 67	\$ 141	\$ 341	\$ 1,317
Other taxes	835	909	2,092	2,159
	\$ 902	\$ 1,050	\$ 2,433	\$ 3,476

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



# SILVERCORP METALS INC.

## Notes to Condensed Consolidated Interim Financial Statements as at December 31, 2017 and for three and nine months ended December 31, 2017 and 2016

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

### 13. FINANCE ITEMS

Finance items consist of:

Finance income	Three months ended December 31,		Nine months ended December 31,	
	2017	2016	2017	2016
Interest income	\$ 822	\$ 647	\$ 2,046	\$ 1,615

Finance costs	Three months ended December 31,		Nine months ended December 31,	
	2017	2016	2017	2016
Interest on mine right fee	\$ -	\$ 10	\$ -	\$ 226
Interest on bank loan	-	49	-	149
Unwinding of discount of environmental rehabilitation provision	112	102	329	310
	\$ 112	\$ 161	\$ 329	\$ 685

### 14. INCOME TAX

The significant components of income tax expense are as follows:

Income tax expense	Three months ended December 31,		Nine months ended December 31,	
	2017	2016	2017	2016
Current	\$ 3,712	\$ 4,737	\$ 11,455	\$ 10,343
Deferred	590	616	2,131	3,748
	\$ 4,302	\$ 5,353	\$ 13,586	\$ 14,091

### 15. FINANCIAL INSTRUMENTS

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

#### (a) Fair value

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

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

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

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

The following tables set forth the Company's financial assets and liabilities that are measured at fair value level on a recurring basis within the fair value hierarchy at December 31, 2017 and March 31, 2017 that

# SILVERCORP METALS INC.

## Notes to Condensed Consolidated Interim Financial Statements as at December 31, 2017 and for three and nine months ended December 31, 2017 and 2016

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

are not otherwise disclosed. As required by IFRS 13, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Recurring measurements	Fair value as at December 31, 2017			
	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Cash and cash equivalents	\$ 66,274	\$ -	\$ -	\$ 66,274
Investments in publicly traded companies	6,800	-	-	6,800

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

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

There were no transfers into or out of level 3 during the three and nine months ended December 31, 2017 and 2016.

### *(a) Liquidity risk*

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

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

	December 31, 2017			March 31, 2017	
	Within a year	2-3 years	4-5 years	Total	Total
Accounts payable and accrued liabilities	\$ 34,799	\$ -	\$ -	\$ 34,799	\$ 30,374

### *(b) Foreign exchange risk*

The Company reports its financial statements in US dollars. The functional currency of the head office, Canadian subsidiaries and all intermediate holding companies is CAD and the functional currency of all Chinese subsidiaries is RMB. The Company is exposed to foreign exchange risk when the Company undertakes transactions and holds assets and liabilities in currencies other than its functional currencies. The Company currently does not engage in foreign exchange currency hedging. The Company's exposure to currency risk affect net income is summarized as follow:

# SILVERCORP METALS INC.

## Notes to Condensed Consolidated Interim Financial Statements as at December 31, 2017 and for three and nine months ended December 31, 2017 and 2016

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

	<b>December 31, 2017</b>	March 31, 2017
Financial assets denominated in U.S. Dollars	\$ 21,830	\$ 29,093
Financial assets denominated in Chinese RMB	\$ 1	\$ 7,115

As at December 31, 2017, with other variables unchanged, a 10% strengthening (weakening) of the CAD against the USD would have decreased (increased) net income by approximately \$2.2 million.

### *(c) Interest rate risk*

The Company is exposed to interest rate risk on its cash equivalents and short-term investments. As at December 31, 2017, all of its interest-bearing cash equivalents and short-term investments earn interest at market rates that are fixed to maturity or at variable interest rate with terms of less than one year. The Company monitors its exposure to changes in interest rates on cash equivalents and short-term investments. Due to the short-term nature of the financial instruments, fluctuations in interest rates would not have a significant impact on the Company's after-tax net income.

### *(d) Credit risk*

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

The Company undertakes credit evaluations on counterparties as necessary, requests deposits from customers prior to delivery, and has monitoring processes intended to mitigate credit risks. The Company has no trade receivables from customers as at December 31, 2017. There were no amounts in other receivables which were past due at December 31, 2017 (at March 31, 2017 - \$nil) for which no provision is recognized.

### *(e) Equity price risk*

The Company holds certain marketable securities that will fluctuate in value as a result of trading on Canadian financial markets. As the Company's marketable securities holding are mainly in mining companies, the value will also fluctuate based on commodity prices. Based upon the Company's portfolio at December 31, 2017, a 10% increase (decrease) in the market price of the securities held, ignoring any foreign currency effects would have resulted in an increase (decrease) to comprehensive income of approximately \$0.68 million.

# SILVERCORP METALS INC.

## Notes to Condensed Consolidated Interim Financial Statements as at December 31, 2017 and for three and nine months ended December 31, 2017 and 2016

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

### 16. SEGMENTED INFORMATION

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

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

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

Statement of financial position items:	December 31, 2017						
	Mining				Administrative		Total
	Henan Luoning	Hunan	Guangdong	Other	Beijing	Vancouver	
Current assets	\$ 93,926	\$ 1,531	\$ 10,359	\$ 677	\$ 2,392	\$ 23,208	\$ 132,093
Plant and equipment	46,376	4,825	16,362	10	1,088	153	68,814
Mineral rights and properties	187,458	7,257	28,978	242	-	-	223,935
Investment in an associate	-	-	-	-	-	33,902	33,902
Other investments	-	-	-	5,604	-	1,196	6,800
Reclamation deposits	5,201	-	154	-	-	8	5,363
Long-term prepaids and deposits	411	105	240	206	-	-	962
<b>Total assets</b>	<b>\$ 333,372</b>	<b>\$ 13,718</b>	<b>\$ 56,093</b>	<b>\$ 6,739</b>	<b>\$ 3,480</b>	<b>\$ 58,467</b>	<b>\$ 471,869</b>
Current liabilities	\$ 32,858	\$ 1,607	\$ 6,563	\$ 2,898	\$ 1,058	\$ 2,203	\$ 47,187
Deferred income tax liabilities	30,622	894	-	-	-	-	31,516
Environmental rehabilitation	11,038	998	884	295	-	-	13,215
<b>Total liabilities</b>	<b>\$ 74,518</b>	<b>\$ 3,499</b>	<b>\$ 7,447</b>	<b>\$ 3,193</b>	<b>\$ 1,058</b>	<b>\$ 2,203</b>	<b>\$ 91,918</b>

Statement of financial position items:	March 31, 2017						
	Mining				Administrative		Total
	Henan Luoning	Hunan	Guangdong	Other	Beijing	Vancouver	
Current assets	\$ 64,298	\$ 1,869	\$ 4,796	\$ 523	\$ 823	\$ 38,523	\$ 110,832
Plant and equipment	43,297	4,832	15,915	-	1,081	76	65,201
Mineral rights and properties	170,690	6,855	28,655	-	-	-	206,200
Investment in an associate	-	-	-	-	-	8,517	8,517
Other investments	-	-	-	-	-	1,207	1,207
Reclamation deposits	4,901	-	145	-	-	8	5,054
Long-term prepaids and deposits	432	99	306	122	-	-	959
<b>Total assets</b>	<b>\$ 283,618</b>	<b>\$ 13,655</b>	<b>\$ 49,817</b>	<b>\$ 645</b>	<b>\$ 1,904</b>	<b>\$ 48,331</b>	<b>\$ 397,970</b>
Current liabilities	\$ 29,951	\$ 1,425	\$ 3,860	\$ 2,959	\$ 184	\$ 1,778	\$ 40,157
Mine right fee payable	-	-	-	-	-	-	-
Deferred income tax liabilities	26,846	846	-	-	-	-	27,692
Environmental rehabilitation	10,183	918	813	272	-	-	12,186
<b>Total liabilities</b>	<b>\$ 66,980</b>	<b>\$ 3,189</b>	<b>\$ 4,673</b>	<b>\$ 3,231</b>	<b>\$ 184</b>	<b>\$ 1,778</b>	<b>\$ 80,035</b>

# SILVERCORP METALS INC.

## Notes to Condensed Consolidated Interim Financial Statements as at December 31, 2017 and for three and nine months ended December 31, 2017 and 2016

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

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

Statement of operations:	Three months ended December 31, 2017							Total
	Mining				Administrative			
	Henan Luoning	Hunan <sup>(1)</sup>	Guangdong	Other	Beijing	Vancouver		
Sales	\$ 34,832	\$ -	\$ 9,520	\$ -	\$ -	\$ -	\$ 44,352	
Cost of sales	(15,616)	-	(5,570)	-	-	-	(21,186)	
Gross profit	19,216	-	3,950	-	-	-	23,166	
Operating (expenses) recovery	(2,249)	(380)	(984)	2,095	(380)	(1,609)	(3,507)	
Finance items	292	(20)	3	(2)	63	374	710	
Income tax (expenses) recovery	(4,314)	12	-	-	-	-	(4,302)	
Net income (loss)	\$ 12,945	\$ (388)	\$ 2,969	\$ 2,093	\$ (317)	\$ (1,235)	\$ 16,067	
Attributed to:								
Equity holders of the Company	10,092	(271)	2,826	1,623	(317)	(1,235)	12,718	
Non-controlling interests	2,853	(117)	143	470	-	-	3,349	
Net income (loss)	\$ 12,945	\$ (388)	\$ 2,969	\$ 2,093	\$ (317)	\$ (1,235)	\$ 16,067	

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

Statement of operations:	Three months ended December 31, 2016							Total
	Mining				Administrative			
	Henan Luoning	Hunan	Guangdong	Other	Beijing	Vancouver		
Sales	\$ 40,040	\$ -	\$ 7,798	\$ -	\$ -	\$ -	\$ 47,838	
Cost of sales	(16,685)	-	(4,775)	-	-	-	(21,460)	
Gross profit	23,355	-	3,023	-	-	-	26,378	
Operating expenses	(2,032)	(497)	(895)	(55)	(315)	(1,079)	(4,873)	
Finance items	30	(34)	27	(3)	59	407	486	
Income tax (expenses) recovery	(5,338)	(20)	-	-	-	5	(5,353)	
Net income (loss)	\$ 16,015	\$ (551)	\$ 2,155	\$ (58)	\$ (256)	\$ (667)	\$ 16,638	
Attributed to:								
Equity holders of the Company	12,413	(386)	2,056	(45)	(256)	(667)	13,115	
Non-controlling interests	3,602	(165)	99	(13)	-	-	3,523	
Net income (loss)	\$ 16,015	\$ (551)	\$ 2,155	\$ (58)	\$ (256)	\$ (667)	\$ 16,638	

# SILVERCORP METALS INC.

## Notes to Condensed Consolidated Interim Financial Statements as at December 31, 2017 and for three and nine months ended December 31, 2017 and 2016

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

Nine months ended December 31, 2017							
Statement of income:	Mining				Administrative		Total
	Henan Luoning	Hunan <sup>(1)</sup>	Guangdong	Other	Beijing	Vancouver	
Sales	\$ 107,125	\$ -	\$ 24,465	\$ -	\$ -	\$ -	\$ 131,590
Cost of sales	(47,454)	-	(15,359)	-	-	-	(62,813)
Gross profit	59,671	-	9,106	-	-	-	68,777
Operating (expenses) income	(6,091)	(896)	(2,222)	6,202	(999)	(8,719)	(12,725)
Finance items, net	355	(59)	2	(7)	193	1,233	1,717
Income tax expenses	(13,587)	2	-	-	(1)	-	(13,586)
Net income (loss)	\$ 40,348	\$ (953)	\$ 6,886	\$ 6,195	\$ (807)	\$ (7,486)	\$ 44,183
Attributable to:							
Equity holders of the Company	31,423	(667)	6,563	5,774	(807)	(7,486)	34,800
Non-controlling interests	8,925	(286)	323	421	-	-	9,383
Net income (loss)	\$ 40,348	\$ (953)	\$ 6,886	\$ 6,195	\$ (807)	\$ (7,486)	\$ 44,183

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

Nine months ended December 31, 2016							
Statement of income:	Mining				Administrative		Total
	Henan Luoning	Hunan	Guangdong	Other	Beijing	Vancouver	
Sales	\$ 110,666	\$ -	\$ 18,741	\$ -	\$ -	\$ -	\$ 129,407
Cost of sales	(48,819)	-	(12,707)	-	-	-	(61,526)
Gross profit	61,847	-	6,034	-	-	-	67,881
Operating expenses	(7,122)	(926)	(2,053)	(113)	(1,044)	(4,117)	(15,375)
Impairment loss	-	-	-	-	-	(181)	(181)
Finance items, net	(55)	(49)	29	(7)	200	812	930
Income tax (expenses) recovery	(13,617)	52	-	-	(1)	(525)	(14,091)
Net income (loss)	\$ 41,053	\$ (923)	\$ 4,010	\$ (120)	\$ (845)	\$ (4,011)	\$ 39,164
Attributable to:							
Equity holders of the Company	31,924	(646)	3,838	(93)	(845)	(4,011)	30,167
Non-controlling interests	9,129	(277)	172	(27)	-	-	8,997
Net income (loss)	\$ 41,053	\$ (923)	\$ 4,010	\$ (120)	\$ (845)	\$ (4,011)	\$ 39,164

# SILVERCORP METALS INC.

## Notes to Condensed Consolidated Interim Financial Statements as at December 31, 2017 and for three and nine months ended December 31, 2017 and 2016

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

### (c) Sales by metal

The sales generated for the three and nine months ended December 31, 2017 and 2016 was all earned in China and is comprised of:

	Three months ended December 31, 2017		
	Henan Luoning	Guangdong	Total
Silver (Ag)	\$ 17,718	\$ 2,088	\$ 19,806
Gold (Au)	632	-	632
Lead (Pb)	14,045	2,378	16,423
Zinc (Zn)	2,337	5,048	7,385
Other	100	6	106
	\$ 34,832	\$ 9,520	\$ 44,352

	Three months ended December 31, 2016		
	Henan Luoning	Guangdong	Total
Silver (Ag)	\$ 21,664	\$ 1,746	\$ 23,410
Gold (Au)	723	-	723
Lead (Pb)	16,658	2,085	18,743
Zinc (Zn)	995	3,775	4,770
Other	-	192	192
	\$ 40,040	\$ 7,798	\$ 47,838

	Nine months ended December 31, 2017		
	Henan Luoning	Guangdong	Total
Silver (Ag)	\$ 56,850	\$ 5,735	\$ 62,585
Gold (Au)	2,448	-	2,448
Lead (Pb)	41,728	5,948	47,676
Zinc (Zn)	5,604	12,548	18,152
Other	495	234	729
	\$ 107,125	\$ 24,465	\$ 131,590

	Nine months ended December 31, 2016		
	Henan Luoning	Guangdong	Total
Silver (Ag)	\$ 65,953	\$ 5,268	\$ 71,221
Gold (Au)	2,682	-	2,682
Lead (Pb)	38,723	4,656	43,379
Zinc (Zn)	3,308	8,514	11,822
Other	-	303	303
	\$ 110,666	\$ 18,741	\$ 129,407

### (d) Major customers

For the nine months ended December 31, 2017, three major customers (nine months ended December 31, 2016 - three) accounted for 22% to 27%, (nine months ended December 31, 2016 - 16% to 32%) and collectively 74% (nine months ended December 31, 2016 - 78%) of the total sales of the Company.

# SILVERCORP METALS INC.

## Notes to Condensed Consolidated Interim Financial Statements as at December 31, 2017 and for three and nine months ended December 31, 2017 and 2016

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

### 17. COMMITMENTS AND CONTINGENCIES

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

	Total	Less than 1 year	1-5 years	After 5 years
Operating leases	\$ 3,264	\$ 405	\$ 2,859	-
Commitments	\$ 6,418	\$ -	\$ -	6,418

As of December 31, 2017, the Company has two office rental agreements totaling \$3,264 for the next five years and commitments of \$6,418 related to the GC property. During the three and nine months ended December 31, 2017, the Company incurred rental expenses of \$165 and \$490, respectively (three and nine months ended December 31, 2016 - \$93 and \$393, respectively), which were included in office and administrative expenses on the condensed consolidated interim statement of income.

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

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

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

- On August 19, 2014, an action was commenced against the Company in the Supreme Court of British Columbia seeking an unspecified amount of damages for a claim of false imprisonment and defamation (the "Huang Action"). The case was scheduled for a 60 day jury trial, commencing February 2018. The Company also commenced third party proceedings against other parties (the "Third Parties"), claiming contribution and indemnity. On August 22, 2016, the Company commenced an action against the parties to Huang Action and others seeking damages (the "Silvercorp Action"). Subsequent to the period end, the parties to the Huang Action and Silvercorp Action, have reached a confidential settlement agreement. The settlement resolves all claims between the Company, Mr. Huang, and the Third Parties in all actions, including the Huang Action and the Silvercorp Action, which will both be dismissed by consent. Nothing contained in this settlement represents an admission of liability, fault, or wrongdoing on the part of any of the parties.
- During the year ended March 31, 2016, an action was initiated by Luoyang Mining Group Co., Ltd. ("Luoyang Mining") against Henan Found seeking payment of \$1.6 million (RMB10.0 million) plus interest related to the acquisition agreements Henan Found entered into in August 2012 to acquire the XHP Project. The \$1.6 million has been included into the accounts payable and accrued liabilities on the condensed consolidated interim statements of financial position of the Company. Henan



# SILVERCORP METALS INC.

## Notes to Condensed Consolidated Interim Financial Statements as at December 31, 2017 and for three and nine months ended December 31, 2017 and 2016

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

Found did not make the final payment as certain commercial conditions were not fulfilled by Luoyang Mining. In April 2016, Henan Found filed a counter claim in Luoyang People’s Court against Luoyang Mining to have the original acquisition agreements nullified and is seeking repayment of the amount paid to date of \$9.7 million (RMB62.8 million) plus compensation of direct loss of \$2.5 million (RMB16.5 million) arising from the XHP Project. A trial was heard in March 2017 but a court decision has not yet been made. The acquisition costs of the XHP Project was impaired to \$nil in fiscal year 2015.

- During the year ended March 31, 2016, SX Gold, a 100% owned subsidiary of Henan Found, commenced a legal action against Luoyang HA Mining Co. Ltd. (“HA Mining”) to seek payment of \$4.0 million (RMB26.0 million) plus interest related to a share transfer agreement that SX Gold entered into with HA Mining in September 2013. Pursuant to the agreement, SX Gold was to transfer all shares it held in Songxian Zhongxin Mining Co. Ltd. to HA Mining for \$11.8 million (RMB76.0 million). SX Gold fulfilled its responsibilities and the title of the shares was transferred to HA Mining, who paid \$7.8 million (RMB50.0 million). The remaining \$4.0 million (RMB26.0 million) was not paid and was written off by the Company in prior years. In April 2016, HA Mining filed a counter claim for \$2.2 million (RMB14.0 million). On June 17, 2016, the court issued an order in favor of SX Gold. The Luoyang Intermediate People’s Court, Henan, China issued a court order demanding HA Mining to pay \$3.4 million (RMB22.75 million) to SX Gold. On July 1, 2016, HA Mining filed an appeal to the Henan High People’s Court, China. A trial was heard in April 2017 and on June 16, 2017, the Henan High People’s Court, China dismissed HA Mining’s appeal and upheld the rulings made by the Luoyang Intermediate People’s Court, Henan, China. On August 4, 2017, HA Mining submitted an application to the Supreme People’s Court of China (the “Supreme Court”) to rehear the case, the application was rejected by the Supreme Court on November 24, 2017. On December 6, 2017, SX Gold and HA Mining reached a mutual settlement agreement that HA Mining would pay \$2.3 million (RMB15.0 million) to SX Gold. As of December 31, 2017, HA Mining paid \$2.3 million (RMB15.0 million) to the Company, which was included in other income of the condensed consolidated interim statements of income, and the case was closed.

### 18. SUPPLEMENTARY CASH FLOW INFORMATION

	December 31, 2017		March 31, 2017	
Cash on hand and at bank	\$	42,012	\$	39,243
Bank term deposits and GICs		24,262		33,760
Total cash and cash equivalents	\$	66,274	\$	73,003

Changes in non-cash operating working capital:

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2017	2016	2017	2016
Trade and other receivables	\$ 115	\$ 77	\$ 179	\$ 866
Inventories	(2,645)	(618)	(3,074)	(1,097)
Prepays and deposits	652	414	438	184
Accounts payable and accrued liabilities	7,945	3,956	7,835	8,744
Deposits received	(1,670)	(1,824)	149	127
Due from a related party	34	(50)	71	(168)
	\$ 4,431	\$ 1,955	\$ 5,598	\$ 8,656