



**SILVERCORP METALS INC.**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**For the three and nine months ended December 31, 2019 and 2018**  
**(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,	
		2019		2019	
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	19	\$	61,894	\$	67,441
Short-term investments			93,236		47,836
Trade and other receivables			1,738		467
Current portion of lease receivable	8		203		-
Inventories			10,497		10,836
Due from related parties	12		95		3,022
Income tax receivable			1,146		1,301
Prepays and deposits			2,789		3,958
			<b>171,598</b>		<b>134,861</b>
<b>Non-current Assets</b>					
Long-term prepaids and deposits			420		769
Long-term portion lease receivable	8		429		-
Reclamation deposits			9,217		7,953
Investment in an associate	3		47,460		38,703
Other investments	4		10,136		9,253
Plant and equipment	5		69,161		68,617
Mineral rights and properties	6		231,162		238,920
<b>TOTAL ASSETS</b>		\$	<b>539,583</b>	\$	<b>499,076</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Current Liabilities</b>					
Accounts payable and accrued liabilities		\$	32,514	\$	29,856
Current portion of lease obligation	8		615		-
Bank loan	7		-		4,475
Deposits received			2,253		3,040
Income tax payable			2,511		502
			<b>37,893</b>		<b>37,873</b>
<b>Non-current Liabilities</b>					
Long-term portion of lease obligation	8		1,783		-
Deferred income tax liabilities			35,956		34,334
Environmental rehabilitation			12,923		13,688
<b>Total Liabilities</b>			<b>88,555</b>		<b>85,895</b>
<b>Equity</b>					
Share capital			242,026		231,269
Share option reserve			15,235		15,898
Reserves			25,409		25,409
Accumulated other comprehensive loss	10		(45,299)		(41,864)
Retained earnings			142,735		116,734
<b>Total equity attributable to the equity holders of the Company</b>			<b>380,106</b>		<b>347,446</b>
<b>Non-controlling interests</b>	11		<b>70,922</b>		<b>65,735</b>
<b>Total Equity</b>			<b>451,028</b>		<b>413,181</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		\$	<b>539,583</b>	\$	<b>499,076</b>

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,	
		2019	2018	2019	2018
Sales	18(b)(c)	\$ 44,508	\$ 42,351	\$ 139,970	\$ 135,567
Cost of sales					
Production costs		18,395	16,941	53,685	49,456
Mineral resource taxes		1,322	1,220	3,981	3,861
Depreciation and amortization		5,886	4,887	17,569	15,396
		<b>25,603</b>	<b>23,048</b>	<b>75,235</b>	<b>68,713</b>
<b>Gross profit</b>		<b>18,905</b>	<b>19,303</b>	<b>64,735</b>	<b>66,854</b>
General and administrative	13	5,148	5,339	14,597	14,416
Government fees and other taxes	14	787	625	1,877	2,194
Foreign exchange loss (gain)		1,277	(2,315)	1,334	(2,395)
Loss on disposal of plant and equipment	5	110	254	373	388
Gain on disposal of mineral rights and properties	6	-	-	(1,477)	-
Share of loss (gain) in associate	3	322	(172)	847	212
Dilution gain on investment in associate	3	-	-	(723)	-
Reclassification of other comprehensive income upon ownership dilution of investment in associate	3	-	-	(21)	-
Other (income) expense		(182)	400	308	676
<b>Income from operations</b>		<b>11,443</b>	<b>15,172</b>	<b>47,620</b>	<b>51,363</b>
Finance income	15	1,122	981	2,869	2,602
Finance costs	15	(134)	(166)	(445)	(463)
<b>Income before income taxes</b>		<b>12,431</b>	<b>15,987</b>	<b>50,044</b>	<b>53,502</b>
Income tax expense	16	3,715	5,134	8,366	17,395
<b>Net income</b>		<b>\$ 8,716</b>	<b>\$ 10,853</b>	<b>\$ 41,678</b>	<b>\$ 36,107</b>
<b>Attributable to:</b>					
Equity holders of the Company		\$ 6,283	\$ 8,660	\$ 31,111	\$ 27,618
Non-controlling interests	11	2,433	2,193	10,567	8,489
		<b>\$ 8,716</b>	<b>\$ 10,853</b>	<b>\$ 41,678</b>	<b>\$ 36,107</b>
<b>Earnings per share attributable to the equity holders of the Company</b>					
<b>Basic earnings per share</b>		<b>\$ 0.04</b>	<b>\$ 0.05</b>	<b>\$ 0.18</b>	<b>\$ 0.16</b>
<b>Diluted earnings per share</b>		<b>\$ 0.04</b>	<b>\$ 0.05</b>	<b>\$ 0.18</b>	<b>\$ 0.16</b>
<b>Weighted Average Number of Shares Outstanding - Basic</b>		<b>172,691,444</b>	<b>168,871,756</b>	<b>171,179,368</b>	<b>168,083,532</b>
<b>Weighted Average Number of Shares Outstanding - Diluted</b>		<b>174,760,433</b>	<b>170,314,907</b>	<b>172,963,914</b>	<b>170,306,321</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,	
		2019	2018	2019	2018
<b>Net income</b>		\$ 8,716	\$ 10,853	\$ 41,678	\$ 36,107
<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		10,749	(5,119)	(7,905)	(32,387)
Share of other comprehensive (loss) income in associate	3	(314)	540	(536)	1,157
Reclassification to net income upon ownership dilution of investment in associate		-	-	(21)	-
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	1,903	365	2,739	2,042
<b>Other comprehensive income (loss), net of taxes</b>		\$ 12,338	\$ (4,214)	\$ (5,723)	\$ (29,188)
<b>Attributable to:</b>					
Equity holders of the Company		\$ 10,767	\$ (4,579)	\$ (3,602)	\$ (24,275)
Non-controlling interests	11	1,571	365	(2,121)	(4,913)
		\$ 12,338	\$ (4,214)	\$ (5,723)	\$ (29,188)
<b>Total comprehensive income</b>		\$ 21,054	\$ 6,639	\$ 35,955	\$ 6,919
<b>Attributable to:</b>					
Equity holders of the Company		\$ 17,050	\$ 4,081	\$ 27,509	\$ 3,343
Non-controlling interests		4,004	2,558	8,446	3,576
		\$ 21,054	\$ 6,639	\$ 35,955	\$ 6,919

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,	
		2019	2018	2019	2018
<b>Cash provided by</b>					
<b>Operating activities</b>					
Net income		\$ 8,716	\$ 10,853	\$ 41,678	\$ 36,107
Add (deduct) items not affecting cash:					
Finance costs	15	134	166	445	463
Depreciation, amortization and depletion		6,268	5,207	18,691	16,308
Share of loss (gain) in associate	3	322	(172)	847	212
Dilution gain on investment in associate	3	-	-	(723)	-
Reclassification of other comprehensive loss upon ownership dilution of investment in associate	3	-	-	(21)	-
Income tax expense	16	3,715	5,134	8,366	17,395
Finance income	15	(1,122)	(981)	(2,869)	(2,602)
Loss on disposal of plant and equipment	5	110	254	373	388
Gain on disposal of mineral rights and properties	6	-	-	(1,477)	-
Share-based compensation		947	506	1,973	1,418
Reclamation expenditures		(222)	(46)	(296)	(67)
Income taxes paid		(485)	(4,004)	(3,415)	(12,480)
Interest received		1,122	981	2,869	2,602
Interest paid		(30)	(48)	(135)	(96)
Changes in non-cash operating working capital	19	5,377	1,917	4,662	2,358
<b>Net cash provided by operating activities</b>		<b>24,852</b>	<b>19,767</b>	<b>70,968</b>	<b>62,006</b>
<b>Investing activities</b>					
Mineral rights and properties					
Capital expenditures		(7,912)	(7,617)	(21,921)	(19,410)
Proceeds on disposals	6	-	-	6,146	-
Plant and equipment					
Additions		(1,909)	(2,682)	(6,238)	(4,325)
Proceeds on disposals	5	5	-	8	29
Reclamation deposits					
Paid		(11)	(222)	(1,560)	(267)
Other investments					
Acquisition		(2,133)	-	(3,859)	-
Proceeds on disposals		4,875	-	6,141	-
Investment in associate	3	(3,820)	-	(7,030)	-
Net (purchases) redemptions of short-term investments		(11,866)	12,613	(45,484)	(4,606)
Principal received on lease receivable	8	35	-	71	-
<b>Net cash (used in) provided by investing activities</b>		<b>(22,736)</b>	<b>2,092</b>	<b>(73,726)</b>	<b>(28,579)</b>
<b>Financing activities</b>					
Related parties					
Repayments received		2,922	-	2,922	-
Bank loan					
Proceeds	7	-	-	-	4,527
Repayment	7	-	-	(4,369)	-
Principal payments on lease obligation	8	(81)	-	(369)	-
Non-controlling interests					
Distribution	11	-	(3,292)	(3,259)	(9,926)
Acquisition	14	-	(1,121)	-	(1,121)
Cash dividends distributed	9(c)	(2,162)	(2,113)	(4,287)	(4,208)
Proceeds from issuance of common shares		1,917	623	6,994	1,643
<b>Net cash provided by (used in) financing activities</b>		<b>2,596</b>	<b>(5,903)</b>	<b>(2,368)</b>	<b>(9,085)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>		<b>1,090</b>	<b>(1,340)</b>	<b>(421)</b>	<b>(5,403)</b>
<b>Increase (decrease) in cash and cash equivalents</b>		<b>5,802</b>	<b>14,616</b>	<b>(5,547)</b>	<b>18,939</b>
<b>Cash and cash equivalents, beginning of the period</b>		<b>56,092</b>	<b>53,522</b>	<b>67,441</b>	<b>49,199</b>
<b>Cash and cash equivalents, end of the period</b>		<b>\$ 61,894</b>	<b>\$ 68,138</b>	<b>\$ 61,894</b>	<b>\$ 68,138</b>
Supplementary cash flow information	19				

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	Total equity attributable to the equity holders of the Company	Non-controlling interests	Total equity
		Number of shares	Amount							
<b>Balance, April 1, 2018</b>		167,029,556	\$ 228,729	\$ 14,690	\$ 25,409	\$ (25,875)	\$ 86,283	\$ 329,236	\$ 68,943	\$ 398,179
Options exercised		2,652,484	2,258	(616)	-	-	-	1,642	-	1,642
Share-based compensation		-	-	1,418	-	-	-	1,418	-	1,418
Dividends declared		-	-	-	-	-	(4,208)	(4,208)	-	(4,208)
Distribution to non-controlling interests		-	-	-	-	-	-	-	(9,926)	(9,926)
Disposition of non-controlling interests upon wound-up of a subsidiary		-	-	-	-	-	-	-	(1,002)	(1,002)
Comprehensive (loss) income		-	-	-	-	(24,275)	27,618	3,343	3,576	6,919
<b>Balance, December 31, 2018</b>		<b>169,682,040</b>	<b>\$ 230,987</b>	<b>\$ 15,492</b>	<b>\$ 25,409</b>	<b>\$ (50,150)</b>	<b>\$ 109,693</b>	<b>\$ 331,431</b>	<b>\$ 61,591</b>	<b>\$ 393,022</b>
Options exercised		160,012	282	(72)	-	-	-	210	-	210
Share-based compensation		-	-	478	-	-	-	478	-	478
Dividends declared		-	-	-	-	-	-	-	-	-
Distribution to non-controlling interests		-	-	-	-	-	-	-	(3,333)	(3,333)
Acquisition of non-controlling interest		-	-	-	-	-	(5,065)	(5,065)	1,794	(3,271)
Comprehensive income		-	-	-	-	8,286	12,106	20,392	5,683	26,075
<b>Balance, March 31, 2019</b>		<b>169,842,052</b>	<b>\$ 231,269</b>	<b>\$ 15,898</b>	<b>\$ 25,409</b>	<b>\$ (41,864)</b>	<b>\$ 116,734</b>	<b>\$ 347,446</b>	<b>\$ 65,735</b>	<b>\$ 413,181</b>
Adjustment upon adoption of IFRS 16	2(a)	-	-	-	-	167	(823)	(656)	-	(656)
Options exercised		3,247,406	9,630	(2,636)	-	-	-	6,994	-	6,994
Share-based compensation		-	-	1,973	-	-	-	1,973	-	1,973
Dividends declared	9(c)	-	-	-	-	-	(4,287)	(4,287)	-	(4,287)
Distribution to non-controlling interests	11	-	-	-	-	-	-	-	(3,259)	(3,259)
Disposal of common shares held by associate	3	-	1,127	-	-	-	-	1,127	-	1,127
Comprehensive (loss) income		-	-	-	-	(3,602)	31,111	27,509	8,446	35,955
<b>Balance, December 31, 2019</b>		<b>173,089,458</b>	<b>\$ 242,026</b>	<b>\$ 15,235</b>	<b>\$ 25,409</b>	<b>\$ (45,299)</b>	<b>\$ 142,735</b>	<b>\$ 380,106</b>	<b>\$ 70,922</b>	<b>\$ 451,028</b>

See accompanying notes to the condensed consolidated interim financial statements

# SILVERCORP METALS INC.

## Notes to Condensed Consolidated Interim Financial Statements as at December 31, 2019 and for three and nine months ended December 31, 2019 and 2018

*(Unaudited) (Expressed in thousands of U.S. dollars, except numbers for share and per share figures or 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 mineral properties. The Company’s producing mines and other current exploration and development projects are located in China.

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

The head office, registered address and records office of the Company are located at 1066 West Hastings Street, Suite 1750, Vancouver, British Columbia, Canada, V6E 3X1.

Operating results for the three and nine months ended December 31, 2019, are not necessarily indicative of the results that may be expected for the year ending March 31, 2020.

### 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 (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). 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, 2019. 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, 2019 except for the following:

IFRS 16 – *Leases* (“IFRS 16”) was issued by the IASB and replaced IAS 17 - *Leases* (“IAS 17”) and IFRIC 4 - *Determining whether an arrangement contains a lease* (“IFRIC 4”). IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a non-lease component on the basis of whether the customer controls the specific asset. Control is considered to exist if the customer has the right to obtain substantially all of the economic benefits from the use of an identified asset and the right to direct the use of that asset. For those contracts that are or contain a lease, IFRS 16 introduces significant changes to the accounting for such contracts, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting, apart from a specific exception in respect of sublease, remains similar to current accounting practice. The standard was effective for annual periods beginning on or after January 1, 2019.

The Company applied IFRS 16 on April 1, 2019 retrospectively, with the cumulative effect of initially applying the standard as an adjustment to retained earnings and no restatement of comparative information. The Company has elected to apply the available exemptions as permitted by IFRS 16 to recognize a lease expense on a straight basis for short term leases (lease term of 12 months or less) and low value assets. The Company has also elected to apply the practical expedient whereby leases whose

# SILVERCORP METALS INC.

## Notes to Condensed Consolidated Interim Financial Statements as at December 31, 2019 and for three and nine months ended December 31, 2019 and 2018

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

term ends within 12 months of the date of initial application would be accounted for in the same way as short-term lease.

### Policy applicable from April 1, 2019

#### Lease Definition

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. An identified asset may be implicitly or explicitly specified in a contract, but must be physically distinct, and must not have the ability for substitution by a lessor. A lessee has the right to control an identified asset if it obtains substantially all of its economic benefits and either pre-determines or directs how and for what purposes the asset is used.

#### Measurement of Right of Use ("ROU") Assets and Lease Obligations

At the commencement of a lease, the Company, if acting in capacity as a lessee, recognizes an ROU asset and a lease obligation. The ROU asset is initially measured at cost, which comprises the initial amount of the lease obligation adjusted for any lease payments made at, or before, the commencement date, plus any initial direct costs incurred, less any lease incentives received.

The ROU asset is subsequently amortized on a straight-line basis over the shorter of the term of the lease, or the useful life of the asset determined on the same basis as the Company's plant and equipment. The ROU asset is periodically adjusted for certain remeasurements of the lease obligation, and reduced by impairment losses, if any. If an ROU asset is subsequently leased to a third party (a "sublease") and the sublease is classified as a finance lease, the carrying value of the ROU asset to the extent of the sublease is derecognized. Any difference between the ROU asset and the lease receivable arising from the sublease is recognized in profit or loss.

The lease obligation is initially measured at the present value of the lease payments remaining at the lease commencement date, discounted using the Company's incremental borrowing rate. Lease payments included in the measurement of the lease obligation, when applicable, may comprise of fixed payments, variable payments that depend on an index or rate, amounts expected to be payable under a residual value guarantee and the exercise price under a purchase, extension or termination option that the Company is reasonably certain to exercise.

The lease obligation is subsequently measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease obligation is remeasured, a corresponding adjustment is made to the carrying amount of the ROU asset.

#### Measurement of Lease Receivable

At the commencement of a lease, the Company, if acting in capacity as a lessor, will classify the lease as finance lease and recognize a lease receivable at an amount equal to the net investment in the lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset or if the lease is a sublease, by reference to the ROU asset arising from the original lease (the "head lease"). A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to



# SILVERCORP METALS INC.

## Notes to Condensed Consolidated Interim Financial Statements as at December 31, 2019 and for three and nine months ended December 31, 2019 and 2018

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

ownership of an underlying asset or the lease is a short-term lease. Cash received from an operating lease is included in other income in the Company's consolidated statement of income on a straight-line basis over the period the lease.

The lease receivable is initially measure at the present value of the lease payments remaining at the lease commencement date, discounting the interest rate implicated in the lease or the Company's incremental borrowing rate if the lease is a sublease. The lease receivable is subsequently measured at amortized cost using the effective interest rate method, and reduced by the amount received and impairment losses, if any.

### Recognition Exemptions

The Company has elected not to recognize the ROU asset and lease obligations for short-term leases that have a lease term of 12 months or less or for lease of low-value assets. Payments associated with these leases are recognized as general and administrative expense on a straight-line basis over the lease term on the consolidated statement of income.

### Adjustments upon Adoption

Upon adoption of IFRS 16 on April 1, 2019, the Company recognized lease receivable, ROU asset, and lease obligation of \$447, \$360, and \$1,463, respectively, related to the Company's office lease agreement and sublease agreements. The Company also recognized cumulative adjustments to retained earnings and accumulated other comprehensive income of \$(823) and \$167, respectively.

These condensed consolidated interim financial statements were authorized for issue in accordance with a resolution of the Board of Directors dated on February 5, 2020.

### *(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 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.

# SILVERCORP METALS INC.

## Notes to Condensed Consolidated Interim Financial Statements as at December 31, 2019 and for three and nine months ended December 31, 2019 and 2018

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

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	Country of incorporation	Proportion of ownership interest held		Mineral properties
			December 31, 2019	March 31, 2019	
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%	Ying Mining District
Henan Found Mining Co. Ltd. ("Henan Found")	Mining	China	77.5%	77.5%	
Songxian Gold Mining Co., Ltd. ("SX Gold")	Mining	China	0.0%	77.5%	XHP
Xinshao Yunxiang Mining Co., Ltd. ("Yunxiang")	Mining	China	70%	70%	BYP
Guangdong Found Mining Co. Ltd. (Guangdong Found")	Mining	China	99%	99%	GC

(i) British Virgin Islands ("BVI")

SX Gold was disposed in April 2019 and all assets and liabilities were derecognized upon disposal.

### 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.

On May 22, 2019, the Company exercised its warrants to acquire 1,500,000 common shares of NUAG for a total cost of \$2,349. Pan American Silver Corp. also exercised its warrants to acquire 8,000,000 common shares of NUAG on the same day. As a result of the exercise of these warrants, the Company's ownership in NUAG was diluted from 29.8% to 28.9% and a dilution gain of \$723 was recorded along with the reclassification of gain of \$21 from other comprehensive income to net income.

On October 25, 2019, the Company participated in an offering of common shares of NUAG underwritten by BMO Capital Markets and acquired an additional 1,247,606 common shares of NUAG for a cost of \$3,820.

For the three and nine months ended December 31, 2019, the Company also acquired additional nil and 502,600 common shares of NUAG, respectively, from the public market (three and nine months ended December 31, 2018 – nil and nil, respectively) for a total cost of \$nil and \$861, respectively (three and nine months ended December 31, 2018 - \$nil and \$nil, respectively).

# SILVERCORP METALS INC.

## Notes to Condensed Consolidated Interim Financial Statements as at December 31, 2019 and for three and nine months ended December 31, 2019 and 2018

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

As at December 31, 2019, the Company owned 42,596,506 common shares of NUAG (March 31, 2019 – 39,346,300), representing an ownership interest of 28.9% (March 31, 2019 – 29.6%). The summary of the investment in NUAG common shares and its market value as at the respective balance sheet dates are as follows:

	Number of shares	Amount	Value of NUAG's common shares per quoted market price
Balance April 1, 2018	39,280,900	\$ 38,001	\$ 50,266
Purchase from open market	65,400	107	
Share of net loss		(330)	
Share of other comprehensive income		398	
Impairment recovery		1,899	
Foreign exchange impact		(1,372)	
<b>Balance March 31, 2019</b>	<b>39,346,300</b>	<b>\$ 38,703</b>	<b>\$ 69,783</b>
Purchase from open market	502,600	861	
Exercise of warrants	1,500,000	2,349	
Participation in public offering	1,247,606	3,820	
Share of net loss		(847)	
Share of other comprehensive loss		(536)	
Dilution gain		723	
Disposal of common shares held by the associate		1,127	
Foreign exchange impact		1,260	
<b>Balance December 31, 2019</b>	<b>42,596,506</b>	<b>\$ 47,460</b>	<b>\$ 193,829</b>

#### 4. OTHER INVESTMENTS

	December 31, 2019	March 31, 2019
<b>Equity investments designated as FVTOCI</b>		
Public companies	\$ 7,982	\$ 9,253
Private companies	2,154	-
<b>Total</b>	<b>\$ 10,136</b>	<b>\$ 9,253</b>

#### *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.

# SILVERCORP METALS INC.

## Notes to Condensed Consolidated Interim Financial Statements as at December 31, 2019 and for three and nine months ended December 31, 2019 and 2018

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

The continuity of such investments is as follows:

	Fair value	Accumulated fair value change included in OCI
April 1, 2018	\$ 6,132	\$ (37,508)
Change in fair value on equity investments designated as FVTOCI	2,380	2,380
Acquisition of equity investments	1,018	-
Impact of foreign currency translation	(277)	-
March 31, 2019	\$ 9,253	\$ (35,128)
Change in fair value on equity investments designated as FVTOCI	2,739	2,739
Acquisition of equity investments	3,859	-
Proceeds on disposal	(6,141)	-
Impact of foreign currency translation	426	-
<b>December 31, 2019</b>	<b>\$ 10,136</b>	<b>\$ (32,389)</b>

In October 2019, through its subsidiary Henan Found, the Company invested \$2,154 (RMB¥15 million) in an arm's length private company in China. As at December 31, 2019, the Company's investment in that private company was \$2,154 (March 31, 2019 - \$nil), representing 15% (March 31, 2019 - nil) of its equity interest. The Company assessed the fair value using a market based approach taking into consideration that the transaction was incurred recently and determined that the carrying value was an approximation of the fair value as at December 31, 2019.

### 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, 2018	\$ 105,165	\$ 7,755	\$ 29,413	\$ 6,730	\$ 3,602	\$ 152,665
Additions	1,586	553	2,266	792	2,750	7,947
Disposals	(316)	(126)	(505)	(376)	-	(1,323)
Reclassification of asset groups <sup>(1)</sup>	189	-	145	-	(334)	-
Impact of foreign currency translation	(6,596)	(447)	(1,867)	(424)	(228)	(9,562)
Balance as at March 31, 2019	\$ 100,028	\$ 7,735	\$ 29,452	\$ 6,722	\$ 5,790	\$ 149,727
Adjustment upon adoption of IFRS 16	360	-	-	-	-	360
Additions	1,731	813	1,071	459	3,647	7,721
Disposals	(6,825)	(329)	(3,201)	(586)	(52)	(10,993)
Reclassification of asset groups <sup>(1)</sup>	4,705	-	-	-	(4,705)	-
Impact of foreign currency translation	(3,796)	(206)	(1,075)	(244)	(209)	(5,530)
<b>Ending balance as at December 31, 2019</b>	<b>\$ 96,203</b>	<b>\$ 8,013</b>	<b>\$ 26,247</b>	<b>\$ 6,351</b>	<b>\$ 4,471</b>	<b>\$ 141,285</b>
<b>Impairment, accumulated depreciation and amortization</b>						
Balance as at April 1, 2018	\$ (50,016)	\$ (5,312)	\$ (20,723)	\$ (5,345)	\$ (58)	\$ (81,454)
Disposals	128	108	317	338	-	891
Depreciation and amortization	(3,172)	(500)	(1,615)	(347)	-	(5,634)
Impact of foreign currency translation	3,131	295	1,320	337	4	5,087
Balance as at March 31, 2019	\$ (49,929)	\$ (5,409)	\$ (20,701)	\$ (5,017)	\$ (54)	\$ (81,110)
Disposals	6,768	242	3,016	534	52	10,612
Depreciation and amortization	(2,561)	(384)	(1,233)	(293)	-	(4,471)
Impact of foreign currency translation	1,771	132	758	182	2	2,845
<b>Ending balance as at December 31, 2019</b>	<b>\$ (43,951)</b>	<b>\$ (5,419)</b>	<b>\$ (18,160)</b>	<b>\$ (4,594)</b>	<b>\$ -</b>	<b>\$ (72,124)</b>
<b>Carrying amounts</b>						
Balance as at March 31, 2019	\$ 50,099	\$ 2,326	\$ 8,751	\$ 1,705	\$ 5,736	\$ 68,617
<b>Ending balance as at December 31, 2019</b>	<b>\$ 52,252</b>	<b>\$ 2,594</b>	<b>\$ 8,087</b>	<b>\$ 1,757</b>	<b>\$ 4,471</b>	<b>\$ 69,161</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.

# SILVERCORP METALS INC.

## Notes to Condensed Consolidated Interim Financial Statements as at December 31, 2019 and for three and nine months ended December 31, 2019 and 2018

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

Carrying amounts as at December 31, 2019	Ying Mining District		BYP		GC		Other		Total
Land use rights and building	\$	35,887	\$	1,909	\$	12,077	\$	2,379	\$ 52,252
Office equipment		2,006		28		217		343	2,594
Machinery		6,105		203		1,779		-	8,087
Motor vehicles		1,537		23		197		-	1,757
Construction in progress		1,408		1,862		1,201		-	4,471
<b>Total</b>	<b>\$</b>	<b>46,943</b>	<b>\$</b>	<b>4,025</b>	<b>\$</b>	<b>15,471</b>	<b>\$</b>	<b>2,722</b>	<b>\$ 69,161</b>

Carrying amounts as at March 31, 2019	Ying Mining District		BYP		GC		Other		Total
Land use rights and building	\$	34,160	\$	2,158	\$	12,860	\$	921	\$ 50,099
Office equipment		1,800		35		214		277	2,326
Machinery		6,294		257		2,071		129	8,751
Motor vehicles		1,521		27		140		17	1,705
Construction in progress		3,825		1,842		69		-	5,736
<b>Total</b>	<b>\$</b>	<b>47,600</b>	<b>\$</b>	<b>4,319</b>	<b>\$</b>	<b>15,354</b>	<b>\$</b>	<b>1,344</b>	<b>\$ 68,617</b>

Upon adoption of IFRS 16 on April 1, 2019, the Company recognized an ROU asset of \$360 under land use rights and building related to a few office lease and sublease agreements. During the three and nine months ended December 31, 2019, an additional ROU asset of \$nil and \$1,241, respectively, was recognized related to a new office lease and ROU asset of \$nil and \$85, respectively, was disposed of based on a new sub-lease arrangement.

During the three and nine months ended December 31, 2019, certain plant and equipment were disposed for proceeds of \$5 and \$8, respectively (three and nine months ended December 31, 2018 - \$nil and \$29, respectively) and loss of \$110 and \$373, respectively (three and nine months ended December 31, 2018 - loss of \$254 and \$388, 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, 2018	\$	277,734	\$	65,054	\$	113,244	\$	22,024	\$	180	\$	478,236
Capitalized expenditures		23,238		189		1,014		261		-		24,702
Mine right fee		3,839		-		-		-		-		3,839
Environmental rehabilitation		1,091		35		(12)		8		-		1,122
Foreign currency translation impact		(17,449)		(973)		(7,085)		(1,384)		(6)		(26,897)
Balance as at March 31, 2019	\$	288,453	\$	64,305	\$	107,161	\$	20,909	\$	174	\$	481,002
Capitalized expenditures		20,988		6		1,039		-		-		22,033
Mine right fee		797		-		-		-		-		797
Disposition		-		-		-		(20,485)		-		(20,485)
Foreign currency translation impact		(10,403)		(527)		(3,785)		(424)		5		(15,134)
<b>Ending balance as at December 31, 2019</b>	<b>\$</b>	<b>299,835</b>	<b>\$</b>	<b>63,784</b>	<b>\$</b>	<b>104,415</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>179</b>	<b>\$</b>	<b>468,213</b>
<b>Impairment and accumulated depletion</b>												
Balance as at April 1, 2018	\$	(83,099)	\$	(57,584)	\$	(83,495)	\$	(21,798)	\$	(180)	\$	(246,156)
Impairment reversal		-		-		-		7,279		-		7,279
Depletion		(13,312)		-		(2,209)		-		-		(15,521)
Foreign currency translation impact		5,232		501		5,213		1,364		6		12,316
Balance as at March 31, 2019	\$	(91,179)	\$	(57,083)	\$	(80,491)	\$	(13,155)	\$	(174)	\$	(242,082)
Depletion		(12,652)		-		(1,873)		-		-		(14,525)
Disposition		-		-		-		12,888		-		12,888
Foreign currency translation impact		3,302		271		2,833		267		(5)		6,668
<b>Ending balance as at December 31, 2019</b>	<b>\$</b>	<b>(100,529)</b>	<b>\$</b>	<b>(56,812)</b>	<b>\$</b>	<b>(79,531)</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>(179)</b>	<b>\$</b>	<b>(237,051)</b>
<b>Carrying amounts</b>												
Balance as at March 31, 2019	\$	197,274	\$	7,222	\$	26,670	\$	7,754	\$	-	\$	238,920
<b>Ending balance as at December 31, 2019</b>	<b>\$</b>	<b>199,306</b>	<b>\$</b>	<b>6,972</b>	<b>\$</b>	<b>24,884</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>231,162</b>

# SILVERCORP METALS INC.

## Notes to Condensed Consolidated Interim Financial Statements as at December 31, 2019 and for three and nine months ended December 31, 2019 and 2018

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

In April 2019, the Company's subsidiary, Henan Found, entered into a purchase agreement (the "Agreement") with an arm's length private Chinese company to dispose the XHP project. Pursuant to the Agreement, Henan Found sold its 100% equity interest in SX Gold, the holding company of the XHP project, for \$7.3 million (RMB¥50 million), and forgave the amount of \$1.1 million (RMB¥7.5 million) SX Gold owed to Henan Found.

The transaction closed in July 2019 and the Company received partial payment of \$6,146 (RMB¥42.5 million). The remaining consideration of \$1,049 (RMB¥7.5 million) was included in trade and other receivables as at December 31, 2019. The assets and liabilities disposed of are as follows:

		XHP
Total consideration per share transfer agreement (RMB ¥50)	\$	7,330
Less: amounts owed to Henan Found		(1,112)
<b>Net consideration</b>	<b>\$</b>	<b>6,218</b>
Prepays and deposits		124
Inventories		198
Plant and equipment		247
Mineral rights and properties		7,597
Accounts payable and accrued liabilities		(2,211)
Deposits received		(925)
Environmental rehabilitation		(289)
<b>Total assets and liabilities disposed of</b>	<b>\$</b>	<b>4,741</b>
<b>Gain on disposal of mineral rights and properties</b>	<b>\$</b>	<b>1,477</b>

A gain of \$1,477 was recognized in gain on disposal of mineral rights and properties when the transaction completed.

In November 2019, the Company paid a mine right fee of \$797 (RMB¥5.5 million) to the Chinese government for the additional mineral resources of HPG mine (part of the Ying Mining District).

### 7. BANK LOAN

		Total
Balance, April 1, 2018	\$	-
Addition		4,527
Interest accrued		152
Interest paid		(144)
Foreign exchange impact		(60)
Balance, March 31, 2019	\$	4,475
Interest accrued		45
Interest paid		(50)
Principal repayment		(4,369)
Foreign exchange impact		(101)
<b>Balance, December 31, 2019</b>	<b>\$</b>	<b>-</b>

# SILVERCORP METALS INC.

## Notes to Condensed Consolidated Interim Financial Statements as at December 31, 2019 and for three and nine months ended December 31, 2019 and 2018

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

On June 14, 2018, Henan Found borrowed a loan of \$4,527 (RMB ¥30 million) bearing an interest rate of 4.35% from the Bank of China. The loan was fully repaid in June 2019. For the three and nine months ended December 31, 2019, interests of \$nil and \$45, respectively (three and nine months ended December 31, 2018 - \$49 and \$104, respectively) were recorded and expensed through finance costs.

### 8. LEASES

The following table summarizes changes in the Company's lease receivable and lease obligation related to the Company's office lease and sublease.

	Lease Receivable	Lease Obligation
Adjustment upon adoption of IFRS 16, April 1, 2019	\$ 447	\$ 1,463
Addition	239	1,244
Interest accrual	20	84
Interest received or paid	(20)	(84)
Principal repayment	(71)	(369)
Foreign exchange impact	17	60
<b>Balance, December 31, 2019</b>	<b>\$ 632</b>	<b>\$ 2,398</b>
<b>Less: current portion</b>	<b>(203)</b>	<b>(615)</b>
<b>Non-current portion</b>	<b>\$ 429</b>	<b>\$ 1,783</b>

The following table presents a reconciliation of the Company's undiscounted cash flows to their present value for its lease receivable and lease obligation:

	Lease Receivable	Lease Obligation
Within 1 year	\$ 224	\$ 670
Between 2 to 5 years	458	1,884
Over 5 years	-	104
<b>Total undiscounted amount</b>	<b>682</b>	<b>2,658</b>
Less future interest	(50)	(260)
<b>Total discounted amount</b>	<b>\$ 632</b>	<b>\$ 2,398</b>
<b>Less: current portion</b>	<b>(203)</b>	<b>(615)</b>
<b>Non-current portion</b>	<b>\$ 429</b>	<b>\$ 1,783</b>

The lease receivable and lease obligation were discounted using an estimated incremental borrowing rate of 5%.

### 9. SHARE CAPITAL

#### *(a) Authorized*

Unlimited number of common shares without par value. All shares issued as at December 31, 2019 were fully paid.

# SILVERCORP METALS INC.

## Notes to Condensed Consolidated Interim Financial Statements as at December 31, 2019 and for three and nine months ended December 31, 2019 and 2018

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

### (b) Share-based compensation

The Company has a share-based compensation plan (the "Plan") which consists of stock options, restricted share units (the "RSUs") and performance share units (the "PSUs"). The Plan allows for the maximum number of common shares to be reserved for issuance on any share-based compensation to be a rolling 10% of the issued and outstanding common shares from time to time. Furthermore, no more than 3% of the reserve may be granted in the form of RSUs and PSUs.

For the three and nine months ended December 31, 2019, a total of \$947 and \$1,973, respectively (three and nine months ended December 31, 2018 - \$506 and \$1,418, respectively) in share-based compensation expense was recognized and included in the general and administrative expenses on the condensed consolidated interim statements of income.

### (i) Stock options

The following is a summary of option transactions:

	Number of shares	Weighted average exercise price per share CAD\$
Balance, March 31, 2018	8,146,799	\$ 2.15
Option granted	1,815,000	3.10
Options exercised	(2,812,496)	0.87
Options forfeited	(164,075)	3.34
Options expired	(504,312)	3.27
Balance, March 31, 2019	6,480,916	\$ 2.86
Options exercised	(3,247,406)	2.86
Options forfeited	(78,750)	3.33
Options expired	(100,000)	1.75
<b>Balance, December 31, 2019</b>	<b>3,054,760</b>	<b>\$ 2.89</b>

The following table summarizes information about stock options outstanding at December 31, 2019:

Exercise price in CAD\$	Number of options outstanding at December 31, 2019	Weighted average remaining contractual life (Years)	Weighted average exercise price in CAD\$	Number of options exercisable at Decemebr 31, 2019	Weighted average exercise price in CAD\$
\$ 1.43	501,260	0.42	\$ 1.43	501,260	1.43
\$ 2.60	587,500	1.88	\$ 2.60	250,000	2.60
\$ 3.23	618,750	1.20	\$ 3.23	389,375	3.23
\$ 3.36	501,250	0.76	\$ 3.36	501,250	3.36
\$ 3.40	796,000	1.65	\$ 3.40	271,000	3.40
\$ 3.63	50,000	0.05	\$ 3.63	50,000	3.63
<b>\$ 1.43 - 3.63</b>	<b>3,054,760</b>	<b>1.23</b>	<b>\$ 2.89</b>	<b>1,962,885</b>	<b>\$ 2.76</b>

Subsequent to December 31, 2019, a total of 150,000 options with exercise prices ranging from CAD\$2.60 to CAD\$3.63 were exercised.



# SILVERCORP METALS INC.

## Notes to Condensed Consolidated Interim Financial Statements as at December 31, 2019 and for three and nine months ended December 31, 2019 and 2018

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

### (ii) RSUs

The following is a summary of RSUs transactions:

	Number of shares	Weighted average grant date closing price per share \$CAD
Balance, April 1, 2019	-	\$ -
Granted	850,500	4.94
Cancelled	(14,500)	4.94
<b>Balance, December 31, 2019</b>	<b>836,000</b>	<b>\$ 4.94</b>

During the nine months ended December 31, 2019, a total of 850,500 RSUs were granted to directors, officers, and employees of the Company at grant date closing price of CAD\$4.94 per share subject to a vesting schedule over a two-year term with 25% of the RSUs vesting every six months from the date of grant.

### (c) Cash dividends declared

During the three and nine months ended December 31, 2019, dividends of \$2,162 and \$4,287, respectively (three and nine months ended December 31, 2018 - \$2,113 and \$4,028, respectively) were declared and paid.

## 10. ACCUMULATED OTHER COMPREHENSIVE LOSS

	December 31, 2019	March 31, 2019
Change in fair value on equity investments designated as FVTOCI	\$ 32,389	\$ 35,128
Share of other comprehensive income in associate	(122)	(679)
Currency translation adjustment	13,032	7,415
Balance, end of the period	\$ 45,299	\$ 41,864

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

# SILVERCORP METALS INC.

## Notes to Condensed Consolidated Interim Financial Statements as at December 31, 2019 and for three and nine months ended December 31, 2019 and 2018

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

### 11. NON-CONTROLLING INTERESTS

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

	Henan Found	Henan Huawei	Yunxiang	Guangdong Found	Total
Balance, April 1, 2018	\$ 62,047	\$ 5,909	\$ 3,532	\$ (2,545)	\$ 68,943
Share of net income (loss)	11,444	892	(365)	352	12,323
Share of other comprehensive (loss) income	(3,664)	(204)	(150)	954	(3,064)
Distributions	(11,565)	(1,694)	-	-	(13,259)
Acquisition of non-controlling interest	-	-	-	1,794	1,794
Disposition	-	-	-	(1,002)	(1,002)
Balance, March 31, 2019	\$ 58,262	\$ 4,903	\$ 3,017	\$ (447)	\$ 65,735
Share of net income (loss)	10,027	665	(169)	44	10,567
Share of other comprehensive loss	(1,845)	(117)	(99)	(60)	(2,121)
Distributions	(2,603)	(656)	-	-	(3,259)
<b>Balance, December 31, 2019</b>	<b>\$ 63,841</b>	<b>\$ 4,795</b>	<b>\$ 2,749</b>	<b>\$ (463)</b>	<b>\$ 70,922</b>

As at December 31, 2019, non-controlling interests in Henan Found, Henan Huawei, Yunxiang, and Guangdong Found were 22.5%, 20%, 30%, and 1%, respectively (March 31, 2019 – 22.5%, 20%, 30% and 1%, respectively).

### 12. 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:

<b>Due from related parties</b>	<b>December 31, 2019</b>		<b>March 31, 2019</b>	
NUAG (a)	\$	95	\$	33
Henan Non-ferrous (b)		-		2,989
	\$	95	\$	3,022

(a) The Company recovers costs for services rendered to NUAG and expenses incurred on behalf of NUAG pursuant to a services and administrative costs reallocation agreement. During the three and nine months ended December 31, 2019, the Company recovered \$183 and \$397, respectively (three and nine months ended December 31, 2018 - \$52 and \$151, respectively), from NUAG for services rendered and expenses incurred on behalf of NUAG. The costs recovered from NUAG were recorded as a direct reduction of general and administrative expenses on the consolidated statements of income.

(b) In March 2019, Henan Found advanced a loan of \$2,989 (RMB¥20.0 million) to Henan Non-ferrous. The loan bears an interest rate of 4.35% per annum. In December 2019, the loan, including accumulated interest, of \$2,922 (RMB¥20.7 million) was repaid.

The balances with related parties are unsecured.

# SILVERCORP METALS INC.

## Notes to Condensed Consolidated Interim Financial Statements as at December 31, 2019 and for three and nine months ended December 31, 2019 and 2018

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

### 13. GENERAL AND ADMINISTRATIVE

General and administrative expenses consist of:

General and administrative	Three months ended December 31,		Nine months ended December 31,	
	2019	2018	2019	2018
Office and administrative expenses	\$ 1,404	\$ 1,559	\$ 3,901	\$ 4,650
Amortization and depreciation	382	320	1,122	912
Salaries and benefits	2,242	2,736	6,855	6,928
Share-based compensation	947	506	1,973	1,418
Professional fees	173	218	746	508
	\$ 5,148	\$ 5,339	\$ 14,597	\$ 14,416

### 14. GOVERNMENT FEES AND OTHER TAXES

Government fees and other taxes consist of:

	Three months ended December 31,		Nine months ended December 31,	
	2019	2018	2019	2018
Government fees	\$ 91	\$ 44	\$ 197	\$ 149
Other taxes	696	581	1,680	2,045
	\$ 787	\$ 625	\$ 1,877	\$ 2,194

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.

### 15. FINANCE ITEMS

Finance items consist of:

Finance income	Three months ended December 31,		Nine months ended December 31,	
	2019	2018	2019	2018
Interest income	\$ 1,122	\$ 981	\$ 2,869	\$ 2,602

  

Finance costs	Three months ended December 31,		Nine months ended December 31,	
	2019	2018	2019	2018
Interest on bank loan	\$ -	\$ 49	\$ 45	\$ 104
Interest on lease obligation	29	-	84	-
Unwinding of discount of environmental rehabilitation provision	105	117	316	359
	\$ 134	\$ 166	\$ 445	\$ 463

### 16. 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,	
	2019	2018	2019	2018
Current	\$ 2,786	\$ 4,354	\$ 5,498	\$ 15,375
Deferred	929	780	2,868	2,020
	\$ 3,715	\$ 5,134	\$ 8,366	\$ 17,395

# SILVERCORP METALS INC.

## Notes to Condensed Consolidated Interim Financial Statements as at December 31, 2019 and for three and nine months ended December 31, 2019 and 2018

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

The disposal of the XHP project (also see Note 6) resulted in approximately \$29.9 million deductible loss for income tax purpose. The relevant income tax recovery amount for the three and nine months ended December 31, 2019 of approximately \$nil and \$7.5 million, respectively were recognized under current and deferred income tax expenses.

### 17. 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 as at December 31, 2019 and March 31, 2019 that are not otherwise disclosed. The 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, 2019			
	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Cash and cash equivalents	\$ 61,894	\$ -	\$ -	\$ 61,894
Short-term investments - money market instruments	64,555	-	-	64,555
Investments in public companies	7,982	-	-	7,982
Investments in private company	-	-	2,154	2,154

Recurring measurements	Fair value as at March 31, 2019			
	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Cash and cash equivalents	\$ 67,441	\$ -	\$ -	\$ 67,441
Short-term investments - money market instruments	22,850	-	-	22,850
Investments in public companies	9,253	-	-	9,253

# SILVERCORP METALS INC.

## Notes to Condensed Consolidated Interim Financial Statements as at December 31, 2019 and for three and nine months ended December 31, 2019 and 2018

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

Fair value of the other financial instruments excluded from the table above approximates their carrying amount as at December 31, 2019 and March 31, 2019, due to the short-term nature of these instruments.

There were no transfers into or out of Level 3 during the nine months ended December 31, 2019.

### (b) 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, 2019				March 31, 2019	
	Within a year	2-5 years	Over 5 years	Total	Total	Total
Bank loan	\$ -	\$ -	\$ -	\$ -	\$ -	4,475
Accounts payable and accrued liabilities	32,514	-	-	32,514	-	29,856
Lease obligation	615	1,693	90	2,398	-	-
	\$ 33,129	\$ 1,693	\$ 90	\$ 34,912	\$ -	34,331

### (c) 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 follows:

	December 31, 2019	March 31, 2019
Financial assets denominated in U.S. Dollars	\$ 62,382	\$ 45,912

As at December 31, 2019, with other variables unchanged, a 10% strengthening (weakening) of the CAD against the USD would have decreased (increased) net income by approximately \$6.2 million.

### (d) Interest rate risk

The Company is exposed to interest rate risk on its cash equivalents, short term investments, and loan to one of the related parties. As at December 31, 2019, 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 rates with terms of less than one year. The Company monitors its exposure to changes in interest rates on cash equivalents, short term investments, and loan to the related party. Due to the short term nature of these financial instruments, fluctuations in interest rates would not have a significant impact on the Company's net income.

# SILVERCORP METALS INC.

## Notes to Condensed Consolidated Interim Financial Statements as at December 31, 2019 and for three and nine months ended December 31, 2019 and 2018

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

### (e) 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. There were no amounts in trade or other receivables which were past due on December 31, 2019 (at March 31, 2019 - \$nil) for which no provision is recognized. The amount of \$1,049 (RMB¥7.5 million) related to the XHP project disposal (also see Note 6) contained in other receivables was outstanding for approximately 90 days as of December 31, 2019.

### (f) 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 holdings are mainly in mining companies, the value will also fluctuate based on commodity prices. Based upon the Company's portfolio as at December 31, 2019, 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 \$1.0 million.

## 18. 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.	

# SILVERCORP METALS INC.

## Notes to Condensed Consolidated Interim Financial Statements as at December 31, 2019 and for three and nine months ended December 31, 2019 and 2018

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

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

Statement of financial position items:	December 31, 2019							
	Mining				Administrative		Total	
	Henan Luoning	Hunan	Guangdong	Other	Beijing	Vancouver		
Current assets	\$ 85,100	\$ 1,434	\$ 7,674	\$ -	\$ 4,656	\$ 72,734	\$ 171,598	
Plant and equipment	46,943	4,025	15,471	-	903	1,819	69,161	
Mineral rights and properties	199,306	6,972	24,884	-	-	-	231,162	
Investment in an associate	-	-	-	-	-	47,460	47,460	
Other investments	2,154	-	-	-	-	7,982	10,136	
Reclamation deposits	5,142	-	4,067	-	-	8	9,217	
Long-term prepaids and deposits	205	101	114	-	-	-	420	
Long-term portion of lease receivable	-	-	-	-	-	429	429	
<b>Total assets</b>	<b>\$ 338,850</b>	<b>\$ 12,532</b>	<b>\$ 52,210</b>	<b>\$ -</b>	<b>\$ 5,559</b>	<b>\$ 130,432</b>	<b>\$ 539,583</b>	
Current liabilities	\$ 25,528	\$ 1,409	\$ 6,882	\$ -	\$ 736	\$ 3,338	\$ 37,893	
Long-term portion of lease obligation	-	-	-	-	-	1,783	1,783	
Deferred income tax liabilities	34,954	1,002	-	-	-	-	35,956	
Environmental rehabilitation	11,244	985	694	-	-	-	12,923	
<b>Total liabilities</b>	<b>\$ 71,726</b>	<b>\$ 3,396</b>	<b>\$ 7,576</b>	<b>\$ -</b>	<b>\$ 736</b>	<b>\$ 5,121</b>	<b>\$ 88,555</b>	

  

Statement of financial position items:	March 31, 2019							
	Mining				Administrative		Total	
	Henan Luoning	Hunan	Guangdong	Other	Beijing	Vancouver		
Current assets	\$ 66,992	\$ 1,540	\$ 11,870	\$ 529	\$ 5,435	\$ 48,495	\$ 134,861	
Plant and equipment	47,600	4,319	15,354	255	932	157	68,617	
Mineral rights and properties	197,274	7,222	26,670	7,754	-	-	238,920	
Investment in an associate	-	-	-	-	-	38,703	38,703	
Other investments	-	-	-	-	-	9,253	9,253	
Reclamation deposits	5,330	-	2,616	-	-	7	7,953	
Long-term prepaids and deposits	369	104	170	126	-	-	769	
<b>Total assets</b>	<b>\$ 317,565</b>	<b>\$ 13,185</b>	<b>\$ 56,680</b>	<b>\$ 8,664</b>	<b>\$ 6,367</b>	<b>\$ 96,615</b>	<b>\$ 499,076</b>	
Current liabilities	\$ 27,000	\$ 1,391	\$ 4,036	\$ 2,548	\$ 1,102	\$ 1,796	\$ 37,873	
Deferred income tax liabilities	33,337	997	-	-	-	-	34,334	
Environmental rehabilitation	11,623	998	774	293	-	-	13,688	
<b>Total liabilities</b>	<b>\$ 71,960</b>	<b>\$ 3,386</b>	<b>\$ 4,810</b>	<b>\$ 2,841</b>	<b>\$ 1,102</b>	<b>\$ 1,796</b>	<b>\$ 85,895</b>	

# SILVERCORP METALS INC.

## Notes to Condensed Consolidated Interim Financial Statements as at December 31, 2019 and for three and nine months ended December 31, 2019 and 2018

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

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

Three months ended December 31, 2019								
Statement of operations:	Mining				Administrative		Total	
	Henan Luoning	Hunan <sup>(1)</sup>	Guangdong	Other	Beijing	Vancouver		
Sales	\$ 35,681	\$ -	\$ 8,827	\$ -	\$ -	\$ -	\$ 44,508	
Cost of sales	(19,225)	-	(6,378)	-	-	-	(25,603)	
Gross profit	16,456	-	2,449	-	-	-	18,905	
Operating expenses	(1,972)	(199)	(1,009)	-	(443)	(3,839)	(7,462)	
Finance items	445	(35)	29	-	32	517	988	
Income tax expenses	(3,582)	(12)	(113)	-	(1)	(7)	(3,715)	
Net income (loss)	\$ 11,347	\$ (246)	\$ 1,356	\$ -	\$ (412)	\$ (3,329)	\$ 8,716	
Attributed to:								
Equity holders of the Company	8,854	(172)	1,342	-	(412)	(3,329)	6,283	
Non-controlling interests	2,493	(74)	14	-	-	-	2,433	
Net income (loss)	\$ 11,347	\$ (246)	\$ 1,356	\$ -	\$ (412)	\$ (3,329)	\$ 8,716	

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

Three months ended December 31, 2018								
Statement of operations:	Mining				Administrative		Total	
	Henan Luoning	Hunan	Guangdong	Other	Beijing	Vancouver		
Sales	\$ 35,184	\$ -	\$ 7,167	\$ -	\$ -	\$ -	\$ 42,351	
Cost of sales	(18,598)	-	(4,450)	-	-	-	(23,048)	
Gross profit	16,586	-	2,717	-	-	-	19,303	
Operating expenses	(2,463)	(427)	(777)	(462)	(410)	408	(4,131)	
Finance items	356	(34)	8	(3)	42	446	815	
Income tax expenses	(3,725)	(16)	-	-	-	(1,393)	(5,134)	
Net income (loss)	\$ 10,754	\$ (477)	\$ 1,948	\$ (465)	\$ (368)	\$ (539)	\$ 10,853	
Attributed to:								
Equity holders of the Company	8,412	(334)	1,850	(361)	(368)	(539)	8,660	
Non-controlling interests	2,342	(143)	98	(104)	-	-	2,193	
Net income (loss)	\$ 10,754	\$ (477)	\$ 1,948	\$ (465)	\$ (368)	\$ (539)	\$ 10,853	



# SILVERCORP METALS INC.

## Notes to Condensed Consolidated Interim Financial Statements as at December 31, 2019 and for three and nine months ended December 31, 2019 and 2018

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

Nine months ended December 31, 2019							
Statement of income:	Mining				Administrative		Total
	Henan Luoning	Hunan <sup>(1)</sup>	Guangdong	Other	Beijing	Vancouver	
Sales	\$ 115,753	\$ -	\$ 24,217	\$ -	\$ -	\$ -	\$ 139,970
Cost of sales	(58,691)	-	(16,544)	-	-	-	(75,235)
Gross profit	57,062	-	7,673	-	-	-	64,735
Operating expenses	(4,906)	(417)	(2,330)	(60)	(1,265)	(8,137)	(17,115)
Finance items, net	1,013	(105)	73	-	94	1,349	2,424
Income tax expenses	(4,483)	(41)	(1,049)	-	(1)	(2,792)	(8,366)
Net income (loss)	\$ 48,686	\$ (563)	\$ 4,367	\$ (60)	\$ (1,172)	\$ (9,580)	\$ 41,678
Attributable to:							
Equity holders of the Company	37,994	(394)	4,323	(60)	(1,172)	(9,580)	31,111
Non-controlling interests	10,692	(169)	44	-	-	-	10,567
Net income (loss)	\$ 48,686	\$ (563)	\$ 4,367	\$ (60)	\$ (1,172)	\$ (9,580)	\$ 41,678

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

Nine months ended December 31, 2018							
Statement of income:	Mining				Administrative		Total
	Henan Luoning	Hunan	Guangdong	Other	Beijing	Vancouver	
Sales	\$ 113,897	\$ -	\$ 21,670	\$ -	\$ -	\$ -	\$ 135,567
Cost of sales	(54,812)	-	(13,901)	-	-	-	(68,713)
Gross profit	59,085	-	7,769	-	-	-	66,854
Operating expenses	(6,935)	(806)	(2,213)	(691)	(1,177)	(3,669)	(15,491)
Finance items, net	813	(94)	45	(8)	112	1,271	2,139
Income tax expenses	(13,292)	(115)	-	-	(1)	(3,987)	(17,395)
Net income (loss)	\$ 39,671	\$ (1,015)	\$ 5,601	\$ (699)	\$ (1,066)	\$ (6,385)	\$ 36,107
Attributable to:							
Equity holders of the Company	30,994	(711)	5,328	(542)	(1,066)	(6,385)	27,618
Non-controlling interests	8,677	(304)	273	(157)	-	-	8,489
Net income (loss)	\$ 39,671	\$ (1,015)	\$ 5,601	\$ (699)	\$ (1,066)	\$ (6,385)	\$ 36,107

# SILVERCORP METALS INC.

## Notes to Condensed Consolidated Interim Financial Statements as at December 31, 2019 and for three and nine months ended December 31, 2019 and 2018

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

### (c) Sales by metal

The sales generated for the three and nine months ended December 31, 2019 and 2018 were all earned in China and were comprised of:

	Three months ended December 31, 2019		
	Henan Luoning	Guangdong	Total
Silver (Ag)	\$ 21,437	\$ 2,603	\$ 24,040
Gold (Au)	890	-	890
Lead (Pb)	11,112	3,021	14,133
Zinc (Zn)	1,836	3,203	5,039
Other	406	-	406
	\$ 35,681	\$ 8,827	\$ 44,508

	Three months ended December 31, 2018		
	Henan Luoning	Guangdong	Total
Silver (Ag)	\$ 19,075	\$ 1,585	\$ 20,660
Gold (Au)	1,167	-	1,167
Lead (Pb)	14,324	2,527	16,851
Zinc (Zn)	297	3,055	3,352
Other	321	-	321
	\$ 35,184	\$ 7,167	\$ 42,351

	Nine months ended December 31, 2019		
	Henan Luoning	Guangdong	Total
Silver (Ag)	\$ 68,648	\$ 6,389	\$ 75,037
Gold (Au)	3,286	-	3,286
Lead (Pb)	37,750	7,763	45,513
Zinc (Zn)	4,460	9,776	14,236
Other	1,609	289	1,898
	\$ 115,753	\$ 24,217	\$ 139,970

	Nine months ended December 31, 2018		
	Henan Luoning	Guangdong	Total
Silver (Ag)	\$ 59,565	\$ 4,357	\$ 63,922
Gold (Au)	2,883	-	2,883
Lead (Pb)	46,421	6,270	52,691
Zinc (Zn)	4,277	10,848	15,125
Other	751	195	946
	\$ 113,897	\$ 21,670	\$ 135,567

### (d) Major customers

For the nine months ended December 31, 2019, four major customers (nine months ended December 31, 2018 – three major customers) each accounted for between 12% and 22%, (nine months ended December 31, 2018 - 13% to 30%) and collectively 71% (nine months ended December 31, 2018 - 58%) of the total sales of the Company.

# SILVERCORP METALS INC.

## Notes to Condensed Consolidated Interim Financial Statements as at December 31, 2019 and for three and nine months ended December 31, 2019 and 2018

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

### 19. SUPPLEMENTARY CASH FLOW INFORMATION

	December 31, 2019	March 31, 2019
Cash on hand and at bank	\$ 61,367	\$ 67,215
Bank term deposits and GICs	527	226
<b>Total cash and cash equivalents</b>	<b>\$ 61,894</b>	<b>\$ 67,441</b>

Changes in non-cash operating working capital:	Three Months Ended December 31,		Nine Months Ended December 31,	
	2019	2018	2019	2018
Trade and other receivables	\$ 233	\$ (395)	\$ (205)	\$ (212)
Inventories	(593)	(336)	44	(2,066)
Prepays and deposits	2,505	2,298	736	1,199
Accounts payable and accrued liabilities	2,304	3,451	4,003	6,155
Deposits received	975	(3,093)	233	(2,690)
Due from a related party	(47)	(8)	(149)	(28)
	<b>\$ 5,377</b>	<b>\$ 1,917</b>	<b>\$ 4,662</b>	<b>\$ 2,358</b>