



SILVERCORP METALS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three and Six Months Ended September 30, 2021

(Expressed in thousands of US dollars, except per share figures or otherwise stated)

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Management's Discussion and Analysis

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This Management's Discussion and Analysis ("MD&A") is intended to help the reader understand the significant factors that have affected Silvercorp Metals Inc. and its subsidiaries' ("Silvercorp" or the "Company") performance and such factors that may affect its future performance. This MD&A should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the three and six months ended September 30, 2021 and the related notes contained therein. In addition, this MD&A should be read in conjunction with the Company's audited consolidated financial statements for the year ended March 31, 2021, the related MD&A, the Annual Information Form (available on SEDAR at www.sedar.com), and the annual report on Form 40-F (available on EDGAR at www.sec.gov). The Company reports its financial position, financial performance and cash flow in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Silvercorp's significant accounting policies are set out in Note 2 of the unaudited consolidated interim financial statements for the three and six months ended September 30, 2021, as well as Note 2 to the audited consolidated financial statements for the year ended March 31, 2021. This MD&A refers to various alternative performance (non-IFRS) measures, such as adjusted earnings and adjusted earnings per share, working capital, cash cost per ounce of silver, net of by-product credits, all-in & all-in sustaining cost per ounce of silver, net of by-product credits, production cost per tonne, and all-in sustaining production costs per tonne. Non-IFRS measures do not have standardized meanings under IFRS. Accordingly, non-IFRS measures should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. To facilitate a better understanding of these measures as calculated by the Company, additional information has been provided in this MD&A. Please refer to section 11, "Alternative Performance (Non-IFRS) Measures" of this MD&A for detailed descriptions and reconciliations. Figures may not add due to rounding.

This MD&A is prepared as of November 3, 2021 and expressed in thousands of U.S. dollars, except share, per share, unit cost, and production data, or unless otherwise stated.

1. Core Business and Strategy

Silvercorp is a profitable Canadian mining company currently producing silver, gold, lead, and zinc metals in concentrates from mines in China. The Company's goal is to continuously create healthy returns to shareholders through efficient management, organic growth and the acquisition of profitable projects. Silvercorp balances profitability, social and environmental relationships, employees' wellbeing, and sustainable development. Silvercorp operates several silver-lead-zinc mines at the Ying Mining District in Henan Province, China and the GC silver-lead-zinc mine in Guangdong Province, China. The Company's common shares are traded on the Toronto Stock Exchange and NYSE American under the symbol "SVM".

2. Second Quarter of Fiscal Year 2022 Highlights

- Mined 292,468 tonnes of ore and milled 271,816 tonnes of ore, up 9% and 3% compared to the prior year quarter.
- Sold approximately 1.7 million ounces of silver, 800 ounces of gold, 17.3 million pounds of lead, and 7.6 million pounds of zinc, representing decreases of 1%, 64%, and 7% in silver, gold and lead sold, and an increase of 3% in zinc sold, compared to the prior year quarter.
- Revenue of \$58.4 million, up 4% compared to \$56.4 million in the prior year quarter.
- Net income attributable to equity shareholders of \$9.4 million, or \$0.05 per share, compared to \$15.5 million, or \$0.09 per share in the prior year quarter. The decrease was mainly due to an unrealized loss of \$4.1 million on investments in the current quarter compared to a gain of \$2.8 million in the prior year quarter.
- Adjusted earnings¹ attributable to equity shareholders of \$13.6 million, or \$0.08 per share, compared to \$15.4 million, or \$0.09 per share in the prior year quarter. The adjustments were made to remove impacts from non-recurring items, share-based compensation, foreign exchange gain/loss, gain/loss on investments, and the share of associates' operating results.

¹ Non-IFRS measures, please refer to section 11 for reconciliation.

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- Cash flow from operations of \$30.9 million, up 4% or \$1.3 million compared to \$29.6 million in the prior year quarter.
- Cash cost per ounce of silver¹, net of by-product credits, of negative \$1.65 compared to negative \$2.09 in the prior year quarter.
- All-in sustaining cost per ounce of silver¹, net of by-product credits, of \$7.35, compared to \$6.99 in the prior year quarter.
- Strong balance sheet with \$221.1 million in cash and cash equivalents and short-term investments, up \$6.7 million or 3% compared to \$214.4 million as June 30, 2021 and up \$22.0 million or 11% compared to \$199.1 million as at March 31, 2021. This does not include the investments in associates and equity investment in other companies, having a total market value of \$172.8 million as at September 30, 2021 (\$243.2 million as at June 30, 2021).

¹ *Non-IFRS measures, please refer to section 11 for reconciliation.*

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3. Operating Performance

(a) Consolidated operating performance

The following table summarizes consolidated operational information for the three and six months ended September 30, 2021 and 2020:

Consolidated	Three months ended September 30,			Six months ended September 30,		
	2021	2020	Changes	2021	2020	Changes
Production Data						
Mine Data						
Ore Mined (tonne)	292,468	267,853	9%	523,703	522,408	0%
Ore Milled (tonne)	271,816	263,933	3%	514,893	526,259	-2%
Head Grades						
Silver (gram/tonne)	214	221	-3%	211	225	-6%
Lead (%)	3.2	3.5	-9%	3.2	3.6	-11%
Zinc (%)	1.6	1.6	0%	1.6	1.6	0%
Recovery Rates						
Silver (%)	94.1	93.0	1%	93.7	93.1	1%
Lead (%)	94.5	94.9	0%	94.5	95.1	-1%
Zinc (%)	79.3	78.0	2%	79.9	78.9	1%
Cost Data						
+ Mining cost per tonne of ore mined (\$)	92.98	76.95	21%	88.86	75.46	18%
Cash mining cost per tonne of ore mined (\$)	70.33	57.61	22%	66.82	56.32	19%
Depreciation and amortization charges per tonne of ore mined (\$)	22.65	19.34	17%	22.04	19.14	15%
+ Unit shipping costs (\$)	2.48	2.57	-4%	2.39	2.54	-6%
+ Milling costs per tonne of ore milled (\$)	13.64	11.11	23%	14.17	11.08	28%
Cash milling costs per tonne of ore milled (\$)	11.94	9.64	24%	12.39	9.61	29%
Depreciation and amortization charges per tonne of ore milled (\$)	1.70	1.47	16%	1.78	1.47	21%
+ Cash production cost per tonne of ore processed (\$)	84.75	69.82	21%	81.60	68.47	19%
+ All-in sustaining cost per tonne of ore processed (\$)	135.76	124.24	9%	133.90	118.46	13%
+ Cash cost per ounce of Silver, net of by-product credits (\$)	(1.65)	(2.09)	21%	(1.54)	(1.77)	13%
+ All-in sustaining cost per ounce of silver, net of by-product credits (\$)	7.35	6.99	5%	7.41	6.28	18%
Concentrate inventory						
Lead concentrate (tonne)	470	1,327	-65%	470	1,327	-65%
Zinc concentrate (tonne)	207	635	-67%	207	635	-67%
Sales Data						
Metal Sales						
Silver (in thousands of ounces)	1,729	1,740	-1%	3,371	3,612	-7%
Gold (in thousands of ounces)	0.8	2.2	-64%	1.8	3.3	-45%
Lead (in thousands of pounds)	17,319	18,551	-7%	34,129	39,436	-13%
Zinc (in thousands of pounds)	7,626	7,411	3%	14,881	14,369	4%
Revenue						
Silver (in thousands of \$)	32,805	33,047	-1%	66,799	59,233	13%
Gold (in thousands of \$)	1,186	3,016	-61%	2,694	4,493	-40%
Lead (in thousands of \$)	15,410	14,387	7%	29,810	28,761	4%
Zinc (in thousands of \$)	7,821	5,236	49%	15,189	9,391	62%
Other (in thousands of \$)	1,213	685	77%	2,762	1,199	130%
	58,435	56,371	4%	117,254	103,077	14%
Average Selling Price, Net of Value Added Tax and Smelter Charges						
Silver (\$ per ounce)	18.97	18.99	0%	19.82	16.40	21%
Gold (\$ per ounce)	1,483	1,371	8%	1,497	1,362	10%
Lead (\$ per pound)	0.89	0.78	14%	0.87	0.73	19%
Zinc (\$ per pound)	1.03	0.71	45%	1.02	0.65	57%

+ Alternative performance (Non-IFRS) measures, see section 11 for reconciliation.

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(i) Mine and Mill Production

For the three months ended September 30, 2021 ("Q2 Fiscal 2022"), the Company mined 292,468 tonnes of ore, up 9% or 24,615 tonnes, compared to 267,853 tonnes in the three months ended September 30, 2020 ("Q2 Fiscal 2021"). Ore milled in Q2 Fiscal 2022 was 271,816 tonnes, up 3% or 7,883 tonnes, compared to 263,933 tonnes in Q2 Fiscal 2021, but 20,832 tonnes lower than mined as a result of transportation interruptions caused by lengthy heavy rains at the Ying Mining District in Q2 Fiscal 2022.

For the six months ended September 30, 2021, on a consolidated basis, the Company mined 523,703 tonnes of ore, a slight increase of 1,295 tonnes, compared to 522,408 tonnes mined in the same prior year period. Ore milled was 514,893 tonnes, a decrease of 2% or 11,366 tonnes, compared to 526,259 tonnes milled in the same prior year period.

(ii) Metal Sales

In Q2 Fiscal 2022, the Company sold approximately 1.7 million ounces of silver, 800 ounces of gold, 17.3 million pounds of lead, and 7.6 million pounds of zinc, representing decreases of 1%, 64%, and 7% in silver, gold and lead sold, respectively, and an increase of 3% in zinc sold, compared to approximately 1.7 million ounces of silver, 2,200 ounces of gold, 18.6 million pounds of lead, and 7.4 million pounds of zinc sold in Q2 Fiscal 2021. Gold sold in Q2 Fiscal 2021 included 1,200 ounces from the BYP Mine.

For the six months ended September 30, 2021, the Company sold approximately 3.4 million ounces of silver, 1,800 ounces of gold, 34.1 million pounds of lead, and 14.9 million pounds of zinc, representing decreases of 7%, 45%, and 13% in silver, gold and lead sold, respectively, and an increase of 4% in zinc sold, compared to approximately 3.6 million ounces of silver, 3,300 ounces of gold, 39.4 million pounds of lead, and 14.4 million pounds of zinc sold in the same prior year period.

(iii) Per Tonne Costs¹

In Q2 Fiscal 2022, the consolidated cash production costs per tonne of ore processed was \$84.75, up 21% compared to \$69.82 in Q2 Fiscal 2021. The increase was mainly due to i) an average 8% appreciation of the Chinese yuan against US dollar, resulting in higher costs presented in the US dollar; ii) an overall of 14.5% increase in mining contractors' fee rate at the Ying Mining District as previously reported in the Company's news release on May 20, 2021; iii) an average 7% increase in employees' pay rates; and iv) the contribution rate paid for the employees' social welfare funds in China returned to the normal rate from a reduced rate granted by the Chinese government in Fiscal 2021 due to Covid-19.

The consolidated cash mining cost was \$70.33 per tonne, up 22%, compared to \$57.61 in Q2 Fiscal 2021. The consolidated cash milling cost was \$11.94 per tonne, up 24%, compared to \$9.64 in Q2 Fiscal 2021.

In Q2 Fiscal 2022, the consolidated all-in sustaining production cost per tonne of ore processed was \$135.76, up 9%, compared to \$124.24 in Q2 Fiscal 2021, but within the Company's current annual cost guidance. The increase was mainly due to the increase in cash production costs offset by a decrease of \$2.0 million in sustaining capital expenditures, mainly resulting from less tunneling development.

For the six months ended September 30, 2021, the consolidated cash mining costs was \$66.82 per tonne, compared to \$56.32 in the same prior year period. The consolidated cash milling cost was \$12.39 per tonne, compared to \$9.61 per tonne in the same prior year period.

Correspondingly, the consolidated cash production costs per tonne of ore processed for the six months ended September 30, 2021 was \$81.60, up 19% compared to \$68.47 in the same prior year period. The all-in sustaining production cost per tonne of ore processed was \$133.90, up 13% compared to \$118.46 in the same prior year period, but within the Company's current annual cost guidance.

¹ Alternative Performance (Non-IFRS) measure. Please refer to section 11 for reconciliation.

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(iv) Costs per Ounce of Silver, Net of By-Product Credits¹

In Q2 Fiscal 2022, the consolidated cash cost per ounce of silver, net of by-product credits, was negative \$1.65, compared to negative \$2.09 in the prior year quarter. The increase was mainly due to the increase in per tonne cash production costs, offset by an increase of \$1.42 in by-product credits per ounce of silver. Sales from lead and zinc in Q2 Fiscal 2022 amounted to \$23.2 million, up \$3.6 million, compared to \$19.6 million in Q2 Fiscal 2021.

The consolidated all-in sustaining cost per ounce of silver, net of by-product credits, was \$7.35, compared to \$6.99 in Q2 Fiscal 2021. The increase was mainly due to the increase in cash cost per ounce of silver, net of by-product credits, offset by a decrease of \$2.0 million in sustaining capital expenditures, mainly resulting from less tunneling development.

For the six months ended September 30, 2021, the consolidated cash cost per ounce of silver, net of by-product credits, was negative \$1.54, compared to negative \$1.77 in the same prior year period. The consolidated all-in sustaining costs per ounce of silver, net of by-product credits was \$7.41 compared to \$6.28 in the same prior year period.

(v) Exploration and Development

In Q2 Fiscal 2022, on a consolidated basis, a total of 124,544 metres or \$6.2 million worth of diamond drilling were completed (Q2 Fiscal 2021 – 71,274 metres or \$2.5 million), of which approximately 91,970 metres or \$2.4 million worth of underground drilling were expensed as part of mining costs (Q2 Fiscal 2021 – 71,274 metres or \$2.5 million) and approximately 32,574 metres or \$3.8 million worth of drilling were capitalized (Q2 Fiscal 2021 – nil). In addition, approximately 9,953 metres or \$3.4 million worth of preparation tunnelling were completed and expensed as part of mining costs (Q2 Fiscal 2021 – 7,693 metres or \$1.9 million), and approximately 20,501 metres or \$8.3 million worth of tunnels, raises, ramps and declines were completed and capitalized (Q2 Fiscal 2021 – 25,678 metres or \$8.5 million).

For the six months ended September 30, 2021, on a consolidated basis, approximately 232,457 metres or \$10.8 million worth of diamond drilling (same prior year period – 107,971 metres or \$4.5 million), of which approximately 142,636 metres or \$3.7 million worth of underground drilling were expensed as part of mining costs (same prior year period – 107,971 metres or \$4.5 million) and approximately 89,821 metres or \$7.1 million worth of drilling were capitalized (same prior year period – nil). In addition, approximately 16,908 metres or \$6.2 million worth of preparation tunnelling were completed and expensed as part of mining costs (same prior year period – 17,358 metres or \$3.6 million), and approximately 37,764 metres or \$15.0 million worth of tunnels, raises, ramps and declines were completed and capitalized (same prior year period – 52,053 metres or \$17.5 million).

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(b) Individual Mine Performance

(i) Ying Mining District

The following table summarizes the operational information at the Ying Mining District for the three and six months ended September 30, 2021 and 2020. The Ying Mining District is the Company's primary source of production, and consists of four mining licenses, including the SGX, HPG, TLP-LME-LMW, and DCG mines.

Ying Mining District	Three months ended September 30,			Six months ended September 30,		
	2021	2020	Changes	2021	2020	Changes
Production Data						
Mine Data						
Ore Mined (tonne)	206,933	181,020	14%	349,840	355,196	-2%
Ore Milled (tonne)	182,173	179,083	2%	337,580	356,772	-5%
Head Grades						
Silver (gram/tonne)	283	288	-2%	281	290	-3%
Lead (%)	4.0	4.4	-9%	4.1	4.5	-9%
Zinc (%)	0.7	0.7	0%	0.8	0.8	0%
Recovery Rates						
Silver (%)	95.4	94.4	1%	95.1	94.6	1%
Lead (%)	95.5	96.1	-1%	95.6	96.1	-1%
Zinc (%)	56.0	57.9	-3%	57.8	60.9	-5%
Cost Data						
+ Mining cost per tonne of ore mined (\$)	110.60	92.30	20%	108.22	90.16	20%
Cash mining cost per tonne of ore mined (\$)	82.31	67.77	21%	80.24	65.98	22%
Depreciation and amortization charges per tonne of ore mined (\$)	28.29	24.53	15%	27.98	24.18	16%
+ Unit shipping costs (\$)	3.58	3.79	-6%	3.59	3.72	-3%
+ Milling costs per tonne of ore milled (\$)	12.57	10.09	25%	13.27	10.07	32%
Cash milling cost per tonne of ore milled (\$)	10.70	8.50	26%	11.27	8.48	33%
Depreciation and amortization charges per tonne of ore milled (\$)	1.87	1.59	18%	2.00	1.59	26%
+ Cash production cost per tonne of ore processed (\$)	96.59	80.06	21%	95.10	78.18	22%
+ All-in sustaining cost per tonne of ore processed (\$)	141.26	132.36	7%	140.27	124.74	12%
+ Cash cost per ounce of Silver, net of by-product credits (\$)	0.71	(0.14)	-607%	0.75	(0.52)	244%
+ All-in sustaining cost per ounce of Silver, net of by-product credits (\$)	6.88	6.63	4%	6.71	5.34	26%
Concentrate inventory						
Lead concentrate (tonne)	344	1,206	-71%	344	1,206	-71%
Zinc concentrate (tonne)	164	378	-57%	164	378	-57%
Sales Data						
Metal Sales						
Silver (in thousands of ounces)	1,553	1,556	0%	3,000	3,228	-7%
Gold (in thousands of ounces)	0.8	1.0	-20%	1.8	2.1	-14%
Lead (in thousands of pounds)	14,436	15,585	-7%	28,611	33,364	-14%
Zinc (in thousands of pounds)	1,617	1,384	17%	3,138	3,421	-8%
Revenue						
Silver (in thousands of \$)	30,306	30,506	-1%	61,230	54,613	12%
Gold (in thousands of \$)	1,186	1,492	-21%	2,694	2,969	-9%
Lead (in thousands of \$)	12,859	12,148	6%	25,046	24,494	2%
Zinc (in thousands of \$)	1,731	1,071	62%	3,345	2,442	37%
Other (in thousands of \$)	1,020	454	125%	2,205	839	163%
	47,102	45,671	3%	94,520	85,357	11%
Average Selling Price, Net of Value Added Tax and Smelter Charges						
Silver (\$ per ounce)	19.51	19.61	-1%	20.41	16.92	21%
Gold (\$ per ounce)	1,483	1,492	-1%	1,497	1,414	6%
Lead (\$ per pound)	0.89	0.78	14%	0.88	0.73	21%
Zinc (\$ per pound)	1.07	0.77	39%	1.07	0.71	51%

+ Alternative Performance (Non-IFRS) measures, see section 11 for reconciliation

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i) Q2 Fiscal 2022 vs. Q2 Fiscal 2021

In Q2 Fiscal 2022, a total of 206,933 tonnes of ore were mined, up 14% compared to 181,020 tonnes mined in Q2 Fiscal 2021. Ore milled were 182,173 tonnes, up 2% compared to 179,083 tonnes in Q2 Fiscal 2021, but 24,760 tonnes lower than mined as a result of transportation interruptions caused by lengthy heavy rains in Q2 Fiscal 2022.

Average head grades of ore processed were 283 g/t for silver, 4.0% for lead, and 0.7% for zinc compared to 288 g/t for silver, 4.4% for lead, and 0.7% for zinc in Q2 Fiscal 2021.

Metals sold were approximately 1.6 million ounces of silver, 800 ounces of gold, 14.4 million pounds of lead, and 1.6 million pounds of zinc, compared to 1.6 million ounces of silver, 1,000 ounces of gold, 15.6 million pounds of lead, and 1.4 million pounds of zinc in Q2 Fiscal 2021.

In Q2 Fiscal 2022, the cash production cost per tonne of ore processed was \$96.59, up 21% compared to \$80.06 in Q2 Fiscal 2021. The increase was mainly due to the same factors as the consolidated per tonne costs as discussed above, including i) an average 8% appreciation of the Chinese yuan against the US dollar, resulting in higher costs presented in the US dollar; ii) an overall of 14.5% increase in mining contractors' fee rate; and iii) an average 8% increase in employees' pay rate and the contribution rate to employees' social welfare funds in China returned to the normal rate from a reduced rate granted in Fiscal 2021 due to Covid-19.

The per tonne cash mining cost and milling cost were \$82.31 and \$10.70, up 21% and 26% respectively, compared to \$67.77 and \$8.50 in Q2 Fiscal 2021.

The all-in sustaining cost per tonne of ore processed was \$141.26, up 7% compared to \$132.36 in Q2 Fiscal 2021. The increase was mainly due to the increase in cash production cost per tonne of ore processed offset by a decrease of \$1.7 million in sustaining capital expenditures, mainly resulting from less tunnelling development.

In Q2 Fiscal 2022, the cash cost per ounce of silver and all-in sustaining cost per ounce of silver, net of by-product credits, were \$0.71 and \$6.88, respectively, compared to negative \$0.14 and \$6.63 in Q2 Fiscal 2021. The increase was mainly due to the increase in per tonne production costs, offset by the decrease in sustaining capital expenditures as discussed above.

In Q2 Fiscal 2022, a total of 102,905 metres or \$5.0 million worth of diamond drilling were completed (Q2 Fiscal 2021 – 59,540 metres or \$2.0 million), of which approximately 72,844 metres or \$2.2 million worth of underground drilling were expensed as part of mining costs (Q2 Fiscal 2021 – 59,540 metres or \$2.0 million) and approximately 30,061 metres or \$2.8 million worth of drilling were capitalized (Q2 Fiscal 2021 – nil). In addition, approximately 7,528 metres or \$2.9 million worth of preparation tunnelling were completed and expensed as part of mining costs (Q2 Fiscal 2021 – 5,316 metres or \$1.6 million), and approximately 16,676 metres or \$7.1 million worth of horizontal tunnels, raises, ramps, and declines were completed and capitalized (Q2 Fiscal 2021 – 21,278 metres or \$7.5 million).

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ii) Six months ended September 30, 2021 vs. six months ended September 30, 2020

For the six months ended September 30, 2021, a total of 349,840 tonnes of ore were mined at the Ying Mining District, down 2% or 5,356 tonnes compared to 355,196 tonnes in the same prior year period. Ore milled was 337,580 tonnes, compared to 356,772 tonnes in the same prior year period. The decrease was mainly due to the heavy rains at the Ying Mining District discussed above. Average head grades of ore processed were 281g/t for silver, 4.1% for lead, and 0.8% for zinc compared to 290 g/t for silver, 4.5% for lead, and 0.8% for zinc, in the same prior year period.

For the six months ended September 30, 2021, the Ying Mining District sold approximately 3.0 million ounces of silver, 1,800 ounces of gold, 28.6 million pounds of lead, and 3.1 million pounds of zinc, compared to 3.2 million ounces of silver, 2,100 ounces of gold, 33.4 million pounds of lead, and 3.4 million pounds of zinc in the same prior year period.

For the six months ended September 30, 2021, the cash production costs per tonne of ore processed was \$95.10, up 22% compared to \$78.18 in the same prior year period. The per tonne cash mining cost and milling cost were \$80.24 and \$11.27, up 22% and 33% respectively, compared to \$65.98 and \$8.48 in the same prior year period.

The all-in sustaining cash production cost per tonne of ore processed was \$140.27, up 12%, compared to \$124.47 in the same prior year period, but within the Company's current annual cost guidance.

For the six months ended September 30, 2021, the cash cost per ounce of silver and all-in sustaining cost per ounce of silver, net of by-product credits, at the Ying Mining District, were \$0.75 and \$6.71 respectively, compared to negative \$0.52 and \$5.34 in the same prior year period.

For the six months ended September 30, 2021, approximately 192,094 metres or \$8.4 million worth of diamond drilling (same prior year period – 88,025 metres or \$3.4 million), of which approximately 104,786 metres or \$2.3 million worth of underground drilling were expensed as part of mining costs (same prior year period – 88,025 metres or \$3.4 million) and approximately 87,308 metres or \$6.1 million worth of drilling were capitalized (same prior year period – nil). In addition, approximately 14,029 metres or \$5.4 million worth of preparation tunnelling was completed and expensed as part of mining costs (same prior year period – 11,523 metres or \$2.8 million), and approximately 29,649 metres or \$12.7 million worth of tunnels, raises, ramps and declines were completed and capitalized (same prior year period – 44,386 metres or \$15.3 million).

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(ii) GC Mine

The following table summarizes the operational information at the GC Mine for the three and six months ended September 30, 2021 and 2020:

GC Mine	Three months ended September 30,			Six months ended September 30,		
	2021	2020	Changes	2021	2020	Changes
Production Data						
Mine Data						
Ore Mined (tonne)	85,535	86,833	-1%	173,863	167,212	4%
Ore Milled (tonne)	89,643	84,850	6%	177,313	169,487	5%
Head Grades						
Silver (gram/tonne)	73	81	-10%	77	87	-11%
Lead (%)	1.7	1.8	-6%	1.6	1.8	-11%
Zinc (%)	3.3	3.4	-3%	3.3	3.4	-3%
Recovery Rates						
Silver (%) *	84.4	82.5	2%	84.2	82.7	2%
Lead (%)	89.5	89.2	0%	89.4	89.5	0%
Zinc (%)	89.6	87.3	3%	89.5	87.3	3%
Cost Data						
+ Mining cost per tonne of ore mined (\$)	50.33	44.93	12%	49.89	44.24	13%
Cash mining cost per tonne of ore mined (\$)	41.34	36.43	13%	39.81	35.80	11%
Depreciation and amortization charges per tonne of ore mined (\$)	8.99	8.50	6%	10.08	8.44	19%
+ Milling cost per tonne of ore milled (\$)	15.83	13.27	19%	15.88	13.21	20%
Cash milling cost per tonne of ore milled (\$)	14.47	12.04	20%	14.52	12.00	21%
Depreciation and amortization charges per tonne of ore milled (\$)	1.36	1.23	11%	1.36	1.21	12%
+ Cash production cost per tonne of ore processed (\$)	55.81	48.47	15%	54.33	47.80	14%
+ All-in sustaining cost per tonne of ore processed (\$)	73.76	69.07	7%	72.69	67.49	8%
+ Cash cost per ounce of Silver, net of by-product credits (\$)	(22.51)	(12.70)	-77%	(20.12)	(9.52)	-111%
+ All-in sustaining cost per ounce of Silver, net of by-product credits (\$)	(11.61)	(1.78)	552%	(9.70)	0.40	-2525%
Concentrate inventory						
Lead concentrate (tonne)	126	121	4%	126	84	50%
Zinc concentrate (tonne)	43	257	-83%	43	792	-95%
Sales Data						
Metal Sales						
Silver (in thousands of ounces)	176	184	-4%	371	384	-3%
Lead (in thousands of pounds)	2,883	2,966	-3%	5,518	6,072	-9%
Zinc (in thousands of pounds)	6,009	6,027	0%	11,743	10,948	7%
Revenue						
Silver (in thousands of \$)	2,499	2,541	-2%	5,569	4,620	21%
Lead (in thousands of \$)	2,551	2,239	14%	4,764	4,267	12%
Zinc (in thousands of \$)	6,090	4,165	46%	11,844	6,949	70%
Other (in thousands of \$)	193	231	-16%	557	360	55%
	11,333	9,176	24%	22,734	16,196	40%
Average Selling Price, Net of Value Added Tax and Smelter Charges						
Silver (\$ per ounce) **	14.20	13.81	3%	15.01	12.03	25%
Lead (\$ per pound)	0.88	0.75	17%	0.86	0.70	23%
Zinc (\$ per pound)	1.01	0.69	46%	1.01	0.63	60%

* Silver recovery includes silver recovered in lead concentrate and silver recovered in zinc concentrate.

** Silver in zinc concentrate is subjected to higher smelter and refining charges which lowers the net silver selling price.

+ Alternative Performance (Non-IFRS) measures, see section 11 for reconciliation

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i) Q2 Fiscal 2022 vs. Q2 Fiscal 2021

In Q2 Fiscal 2022, a total of 85,535 tonnes of ore were mined and 89,643 tonnes were milled at the GC Mine, compared to 86,833 tonnes mined and 84,850 tonnes milled in Q2 Fiscal 2021.

Average head grades of ore milled were 73 g/t for silver, 1.7% for lead, and 3.3% for zinc compared to 81 g/t for silver, 1.8% for lead, and 3.4% for zinc in Q2 Fiscal 2021.

Metals sold were approximately 176 thousand ounces of silver, 2.9 million pounds of lead, and 6.0 million pounds of zinc, compared to 184 thousand ounces of silver, 3.0 million pounds of lead, and 6.0 million pounds of zinc in Q2 Fiscal 2021.

The cash mining cost at the GC Mine was \$41.34 per tonne, up 13% compared to \$36.43 per tonne in Q2 Fiscal 2021, the increase was mainly due to the appreciation of Chinese yuan against US dollar and more drilling and tunnelling costs were expensed as mining preparation costs. The cash milling cost was \$14.47 per tonne, compared to \$12.04 in Q2 Fiscal 2021. The cash production cost per tonne was \$55.81, up 15%, compared to \$48.47 in Q2 Fiscal 2021. The all-in sustaining production cost per tonne of ore processed was \$73.76, up 7%, compared to \$69.07 in Q2 Fiscal 2021. Excluding the impact arising from the appreciation of Chinese yuan against US dollar, the all-in sustaining production cost per tonne at the GC Mine in Q2 Fiscal 2022 was comparable to the cost in Q2 Fiscal 2021.

The cash cost per ounce of silver and all-in sustaining cost per ounce of silver, net of by-product credits, at the GC Mine, in Q2 Fiscal 2022, were negative \$22.51 and negative \$11.61, respectively, compared to negative \$12.70 and negative \$1.78 in Q2 Fiscal 2021. The improvement was mainly due to an increase of \$14.12 in by-product credits per ounce of silver, offset by the increase in per tonne cash production cost and per tonne all-in sustaining production cost as discussed above. Revenue from lead and zinc was \$8.6 million, up \$2.2 million, compared to \$6.4 million in Q2 Fiscal 2021.

In Q2 Fiscal 2022, approximately 19,126 metres or \$0.7 million worth of underground diamond drilling (Q2 Fiscal 2021 – 11,734 metres or \$0.5 million) and 2,425 metres or \$0.4 million of tunnelling (Q2 Fiscal 2021 – 2,377 metres or \$0.3 million) were completed and expensed as mining preparation costs at the GC Mine. In addition, approximately 3,825 metres or \$1.2 million of horizontal tunnels, raises, and declines were completed and capitalized (Q2 Fiscal 2021 – 4,400 metres or \$1.0 million).

ii) Six months ended September 30, 2021 vs. six months ended September 30, 2020

For the six months ended September 30, 2021, a total of 173,863 tonnes of ore were mined and 177,313 tonnes were milled at the GC Mine, an increase of 4% and 5%, respectively, compared to 167,212 tonnes mined and 169,487 tonnes milled in the same prior year period. Average head grades of ore milled were 77 g/t for silver, 1.6% for lead, and 3.3% for zinc compared to 87 g/t for silver, 1.8% for lead, and 3.4% for zinc, in the same prior year period.

During the same time period, the GC Mine sold approximately 371 thousand ounces of silver, 5.5 million pounds of lead, and 11.7 million pounds of zinc, compared to 384 thousand ounces of silver, 6.1 million pounds of lead, and 10.9 million pounds of zinc in the same prior year period.

For the six months ended September 30, 2021, the cash mining cost at the GC Mine was \$39.81 per tonne, an increase of 11% compared to \$35.80 per tonne in the same prior year period. The cash milling cost was \$14.52 per tonne, compared to \$12.00 in the same prior year period. Correspondingly, the cash production cost per tonne of ore processed at the GC Mine was \$54.33, an increase of 14% compared to \$47.80 in the same prior year period. Excluding the impact arising from the appreciation of Chinese yuan against US dollar, the all-in sustaining production cost per tonne at the GC Mine was comparable to the cost in the same prior year period.

For the six months ended September 30, 2021, the cash cost per ounce of silver and all-in sustaining cost per ounce of silver, net of by-product credits, at the GC Mine were negative \$20.12 and negative \$9.70 respectively, compared to negative \$9.52 and \$0.40 in the same prior year period. The decrease was mainly due to an increase of \$5.6 million in by-product sales.

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For the six months ended September 30, 2021, approximately 37,850 metres or \$1.4 million worth of underground diamond drilling (same prior year period – 19,946 metres or \$1.1 million) and 2,879 metres or \$0.8 million of tunnelling (same prior year period – 5,835 metres or \$0.8 million) were completed and expensed as mining preparation costs at the GC Mine. In addition, approximately 8,115 metres or \$2.3 million of horizontal tunnels, raise, and declines (same prior year period – 7,667 metres or \$2.2 million) were completed and capitalized.

(iii) BYP Mine

The BYP Mine was placed on care and maintenance in August 2014 due to required capital upgrades to sustain its ongoing production and the market environment. The Company is carrying out activities to apply for a new mining license, but the process has taken longer than expected. No guarantee can be given that the new mining license for the BYP Mine will be issued, or if it is issued, that it will be issued under reasonable operational and/or financial terms, or in a timely manner, or that the Company will be in a position to comply with all conditions that are imposed.

(iv) La Yesca Project

The Company, through its subsidiary New Infini Silver Inc. ("New Infini") initiated the Phase I 10,000-metre drilling program at La Yesca in Q2 Fiscal 2022 with four active drill rigs. As at September 30, 2021, New Infini had completed a total of 2,513-metres over 9 drill holes and a total of \$1.1 million expenditures were capitalized.

(v) Zhonghe Silver Project

The Company, through its subsidiary, Henan Found, won an auction to acquire the Zhonghe Silver Project in December 2020, but the execution of the Transfer Contract for the Zhonghe Silver Project is pending the national security clearance by the relevant Chinese authorities. No guarantee can be given that the national security clearance will be issued, or if it is issued, that it will be issued under reasonable operational and/or financial terms, or in a timely manner, or that the Company will be in a position to comply with all conditions that are imposed.

The Zhonghe Silver Project is located in Dongshong Township of Luoning County, Luoyang City, Henan Province, China, approximately 50 kilometres ("km") (75 km by road) northeast of the Ying Mining District. The Zhonghe Silver Project covers an area of 4.96 km², being approximately 1.1 km wide (east-west) by 4.9 km long (north south).

(vi) Kuanping Silver-Lead-Zinc-Gold Project

In October 2021, the Company, through a 100% owned subsidiary of Henan Found, won an online open auction to acquire a 100% interest in the Kuanping silver-lead-zinc-gold project (the "Kuanping Project") for approximately \$11.4 million (RMB ¥73.5 million) (the "Share Consideration") plus the assumption of approximately \$2.1 million (RMB ¥13.3 million) debt (the "Debt"). The acquisition was through the acquisition of a 100% interest in the shares of Shanxian Xinbaoyuan Mining Co. Ltd. ("Xinbaoyuan"), an affiliate of a Henan Provincial government-controlled company located in Sanmenxia City, Henan Province. The only asset held by Xinbaoyuan is the Kuanping Project. As the Henan Found's subsidiary is a Chinese domestic company, the acquisition was not subject to the national security clearance.

The Kuanping Project is located in Shanzhou District, Sanmenxia City, Henan Province, China, approximately 33 km north of the Ying Mining District. The Kuanping Project covers an area of 12.39 km², being approximately 3 km wide (east-west) and 5 km long (north-south).

The execution of the share transfer agreement was completed and the Company paid the Share Consideration and the Debt in October, 2021. The Company expects that the registration of the share transfer will be completed in November 2021.

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4. Annual Operating Outlook

All references to Fiscal 2022 Guidance in this MD&A refer to the "Fiscal 2022 Operating Outlook" section in the Company's Fiscal 2021 Annual MD&A dated May 20, 2021 ("Fiscal 2022 Guidance") filed under the Company's SEDAR profile at www.sedar.com.

(i) Production and Production Costs

The following table summarizes the production and production costs achieved in the first six month of Fiscal 2022 compared to the respective Fiscal 2022 Guidance:

	Ore processed (tonnes)	Head grades			Metal production			Production costs	
		Silver (g/t)	Lead (%)	Zinc (%)	Silver (Koz)	Lead (Klbs)	Zinc (Klbs)	Cash cost (\$/t)	AISC (\$/t)
YTD Fiscal 2022 Actual Results									
Ying Mining District	337,580	281	4.1	0.8	2,800	27,949	3,103	95.10	140.27
GC Mine	177,313	77	1.6	3.3	369	5,542	11,578	54.33	72.69
Consolidated	514,893	211	3.2	1.6	3,169	33,491	14,681	81.60	133.90
Fiscal 2022 Guidance									
Ying Mining District	670,000 - 700,000	284	4.2	0.9	5,700-5,900	57,200-59,800	7,800-8,100	87.1-91.7	134.2-141.2
GC Mine	290,000 - 310,000	86	1.5	3.6	600-700	8,500-9,100	19,100-20,400	55.7-59.6	81.3-85.6
Consolidated	960,000 - 1,010,000	223	3.3	1.7	6,300-6,600	65,700-68,900	26,900-28,500	77.7-82.6	130.7-141.7
% of Fiscal 2022 Guidance*									
Ying Mining District	49%	99%	98%	89%	48%	48%	39%	106%	102%
GC Mine	59%	90%	107%	92%	57%	63%	59%	94%	87%
Consolidated	52%	95%	97%	94%	49%	50%	53%	102%	98%

* Percentage calculated based on mid-point of the related Fiscal 2022 Guidance

ed some production and head grades of ores. Despite the impact, the Company expects to maintain a similar mining production rate as in Q2 Fiscal 2021 and increase the milling tonnage at the Ying Mining District in the third quarter of Fiscal 2022.

(ii) Development and Capital Expenditures

The following table summarizes the development work and capitalized expenditures in the first six months of Fiscal 2022 compared to the respective Fiscal 2022 Guidance.

	Ramp Development		Exploration and Development Tunnels		Capitalized Exploration Drilling		Equipment & Facilities	Total
	(Metres)	(\$ Thousand)	(Metres)	(\$ Thousand)	(Metres)	(\$ Thousand)	(\$ Thousand)	(\$ Thousand)
YTD Fiscal 2022 Actual Results								
Ying Mining District	3,320	\$ 2,186	26,329	\$ 10,531	87,308	\$ 6,060	\$ 2,910	\$ 21,687
GC Mine	668	673	7,447	1,658	-	-	52	2,383
Corporate and other	-	-	-	-	2,513	1,076	177	1,253
Consolidated	3,988	\$ 2,859	33,776	\$ 12,189	89,821	\$ 7,136	\$ 3,139	\$ 25,323
Fiscal 2022 Guidance								
Ying Mining District	6,100	\$ 5,200	52,200	\$ 18,800	50,000	\$ 3,500	\$ 6,300	\$ 33,800
GC Mine	500	400	10,300	3,000	-	-	1,000	4,400
Consolidated	6,600	\$ 5,600	62,500	\$ 21,800	50,000	\$ 3,500	\$ 7,300	\$ 38,200
% of Fiscal 2022 Guidance								
Ying Mining District	54%	42%	50%	56%	175%	173%	46%	64%
GC Mine	134%	168%	72%	55%	-	-	5%	54%
Consolidated	60%	51%	54%	56%	180%	204%	43%	66%

The Company continues to carry out extensive drilling programs to define additional resources and to test gold mineralization at the Ying Mining District.

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The drilling program at the La Yesca Project commenced in Q2 Fiscal 2021 and will continue for the remaining of the year. The expenditures at the La Yesca Project was not included in the Fiscal 2022 Guidance.

5. Investment in Associates

(a) New Pacific Metals Corp. ("NUAG")

New Pacific Metals Corp. ("NUAG") is a Canadian public company listed on the Toronto Stock Exchange (symbol: NUAG) and NYSE American (symbol: NEWP). NUAG is a related party of the Company by way of two common directors and one common officer, 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 November 2020, NUAG completed a spin-out by way of a plan of arrangement (the "Arrangement") of its then wholly-owned subsidiary, Whitehorse Gold Corp. ("WHG"), which owns 100% Skukum Gold Project (formerly "Tagish Lake Gold Project") located in Yukon, Canada, and distributed all of the WHG common shares to its shareholders on a pro rata basis.

As at September 30, 2021, the Company owned 43,917,216 common shares of NUAG (March 31, 2021 – 43,917,216), representing an ownership interest of 28.3% (March 31, 2021 – 28.6%). 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, 2020	42,596,506	\$ 44,555	\$ 148,624
Participation in public offering	1,320,710	5,805	
WHG Spin-out		(1,793)	
Share of net loss		(1,672)	
Share of other comprehensive loss		(2,324)	
Foreign exchange impact		5,828	
Balance March 31, 2021	43,917,216	\$ 50,399	\$ 181,257
Share of net loss		(587)	
Share of other comprehensive income		3,182	
Foreign exchange impact		(717)	
Balance September 30, 2021	43,917,216	\$ 52,277	\$ 145,115

Whitehorse Gold Corp. ("WHG") is a Canadian public company listed on the TSX Venture Exchange (symbol: WHG). WHG is a related of the Company by way of one common director, and the Company accounts for its investment in WHG using the equity method as it is able to exercise significant influence over the financial and operating policies of WHG.

On May 14, 2021, the Company participated in a brokered private placement of WHG and purchased 4,000,000 units at a cost of \$5.0 million. Each unit consisted of one WHG common share and one common share purchase warrant with exercise price of CAD\$2 which expires on May 14, 2026.

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As at September 30, 2021, the Company owned 15,514,285 common shares of WHG (March 31, 2021 – 11,514,285), representing an ownership interest of 29.5% (March 31, 2021 – 27.0%). The summary of the investment in WHG common shares and its market value as at the respective balance sheet dates are as follows:

	Number of shares	Amount	Value of WHG's common shares per quoted market price
Balance April 1, 2020			
Distributed under WHG spin-out	5,740,285	1,793	
Participation in private placement	5,774,000	1,326	
Share of net loss		(174)	
Foreign exchange impact		113	
Balance March 31, 2021	11,514,285	\$ 3,058	\$ 15,108
Participation in private placement	4,000,000	4,960	
Share of net loss		(278)	
Foreign exchange impact		(284)	
Balance September 30, 2021	15,514,285	\$ 7,456	\$ 9,376

(a) Selected Annual and Quarterly Information

The following tables set out selected quarterly results for the past ten quarters as well as selected annual results for the past two years. The dominant factors affecting results presented below are the volatility of the realized selling metal prices and the timing of sales.

Fiscal 2022 (In thousands of USD, other than per share amounts)	Quarter Ended				Six Months Ended
	Jun 30, 2021	Sep 30, 2021	Dec 31, 2021	Mar 31, 2022	Sep 30, 2021
Revenue	\$ 58,819	\$ 58,435			\$ 117,254
Cost of mine operations	\$ 33,315	\$ 34,823			68,138
Income from mine operations	25,504	23,612			49,116
Corporate general and administrative expenses	3,838	3,749			7,587
Foreign exchange loss (gain)	450	(2,063)			(1,613)
Share of loss in associates	396	469			865
Loss on investments	722	4,142			4,864
Other items	314	460			774
Income from operations	19,784	16,855			36,639
Finance items	(1,265)	(1,258)			(2,523)
Income tax expenses (recovery)	4,817	5,355			10,172
Net income	16,232	12,758			28,990
Net income attributable to equity holders of the Company	12,212	9,393			21,605
Basic earnings per share	0.07	0.05			0.12
Diluted earnings per share	0.07	0.05			0.12
Cash dividend declared	2,202	-			2,202
Cash dividend declared per share	0.0125	-			0.013
Other financial information					
Total assets					700,772
Total liabilities					100,561
Total attributable shareholders' equity					497,753

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Fiscal 2021 (In thousands of USD, other than per share amounts)	Quarter Ended				Year Ended
	Jun 30, 2020	Sep 30, 2020	Dec 31, 2020	Mar 31, 2021	Mar 31, 2021
Revenue	\$ 46,705	\$ 56,372	\$ 53,296	\$ 35,732	\$ 192,105
Cost of mine operations	\$ 27,420	\$ 29,700	\$ 28,495	22,328	107,943
Income from mine operations	19,285	26,672	24,801	13,404	84,162
Corporate general and administrative expenses	2,687	2,784	3,525	3,369	12,365
Foreign exchange loss	2,670	1,349	2,954	773	7,746
Share of loss in associates	161	319	550	816	1,846
Loss (gain) on equity investments	(5,466)	(2,771)	(600)	1,105	(7,732)
Other items	(3,841)	214	(258)	2,098	(1,787)
Income from operations	23,074	24,777	18,630	5,243	71,724
Finance items	(800)	(657)	295	(617)	(1,779)
Income tax expenses (recovery)	5,382	5,877	6,046	(4,311)	12,994
Net income	18,492	19,557	12,289	10,171	60,509
Net income attributable to equity holders of the Company	15,491	15,472	8,392	7,021	46,376
Basic earnings per share	0.09	0.09	0.05	0.04	0.27
Diluted earnings per share	0.09	0.09	0.05	0.04	0.26
Cash dividend declared	2,178	-	2,190	-	4,368
Cash dividend declared per share	0.0125	-	0.0125	-	0.025
Other financial information					
Total assets					652,642
Total liabilities					86,914
Total attributable shareholders' equity					467,574

Fiscal 2020 (In thousands of USD, other than per share amounts)	Quarter Ended				Year Ended
	Jun 30, 2019	Sep 30, 2019	Dec 31, 2019	Mar 31, 2020	Mar 31, 2020
Revenue	\$ 45,576	\$ 49,886	\$ 44,508	\$ 18,859	\$ 158,829
Cost of mine operations	27,843	27,219	28,738	15,655	99,455
Income from mine operations	17,733	22,667	15,770	3,204	59,374
Corporate general and administrative	2,353	2,583	2,568	2,590	10,094
Foreign exchange loss (gain)	854	(797)	1,277	(5,437)	(4,103)
Share of loss in associates	281	244	322	429	1,276
Dilution gain on investment in associate	(723)	-	-	-	(723)
Gain on disposal of mineral rights and properties	(1,477)	-	-	-	(1,477)
Gain on equity investments	-	-	-	-	-
Other items	386	519	160	1,080	2,145
Income from operations	16,059	20,118	11,443	4,542	52,162
Finance items	(754)	(682)	(988)	474	(1,950)
Income tax expenses (recovery)	(488)	5,139	3,715	543	8,909
Net income	17,301	15,661	8,716	3,525	45,203
Net income attributable to equity holders of the Company	12,607	12,221	6,283	3,163	34,274
Basic earnings per share	0.07	0.07	0.04	0.02	0.20
Diluted earnings per share	0.07	0.07	0.04	0.02	0.20
Cash dividend declared	2,125	-	2,162	-	4,287
Cash dividend declared per share	0.0125	-	0.0125	-	0.025
Other financial information					
Total assets					512,760
Total liabilities					73,788
Total attributable shareholders' equity					368,682

Net income attributable to equity shareholders of the Company in Q2 Fiscal 2022 was \$9.4 million or \$0.05 per share, compared to \$15.5 million or \$0.09 per share in Q2 Fiscal 2021.

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Compared to Q2 Fiscal 2021, the Company's consolidated financial results in the current quarter were mainly impacted by i) an increase of 8%, 14%, and 45%, respectively, in the realized selling prices for gold, lead and zinc; offset by ii) a decrease of 1%, 64%, and 7%, respectively, in silver, gold, and lead sold; iii) an increase of 21% in per tonne cash production cost, and iv) a loss of \$4.1 million on investments reported in profit.

Net income contributable to the shareholders of the Company for the six months ended September 30, 2021 was \$21.6 million, or \$0.12 per share, compared to \$31.0 million or \$0.18 per share in the same prior year period.

Revenue in Q2 Fiscal 2022 was \$58.4 million, up 4% or \$2.0 million compared to \$56.4 million in Q2 Fiscal 2021. The increase was mainly due to an increase of \$4.7 million arising from the increase in the gold, lead and zinc net realized selling metal prices; offset by a decrease of \$3.3 million arising from the decrease in the quantities of silver, gold, and lead sold. Revenues from silver, gold, and base metals were \$32.8 million, \$1.2 million, and \$24.4 million, respectively, compared to \$33.0 million, \$3.0 million, and \$20.3 million in Q2 Fiscal 2021. Revenue from the Ying Mining District was \$47.1 million, up 3%, compared to \$45.7 million in Q2 Fiscal 2021. Revenue from the GC Mine was \$11.3 million, up 24%, compared to \$9.2 million in Q2 Fiscal 2021. Revenue from the BYP Mine was \$nil, compared to \$1.5 million in Q2 Fiscal 2021 as the Company sold all remaining gold concentrate inventories produced by the mine before it was placed on care and maintenance in 2014 in prior year quarter.

For the six months ended September 30, 2021, revenue was \$117.3 million, up 14% or \$14.2 million, compared to \$103.1 million in the same prior year period. Silver, gold and base metals sales represented \$66.8 million, \$2.7 million, and \$47.8 million, respectively, compared to silver, gold and base metals sales of \$59.2 million, \$4.5 million and \$39.4 million, respectively, in the same prior year period.

Fluctuation in sales revenue is mainly dependent on metal sales and realized metal prices. The net realized selling price is calculated using the Shanghai Metal Exchange ("SME") price, less smelter charges, recovery, and value added tax ("VAT"). The metal prices quoted on SME, excluding gold, include VAT. The following table is a comparison among the Company's net realized selling prices, prices quoted on SME, and prices quoted on London Metal Exchange ("LME"):

	Silver (in US\$/ounce)		Gold (in US\$/ounce)		Lead (in US\$/pound)		Zinc (in US\$/pound)	
	Q2 2022	Q2 2021	Q2 2022	Q2 2021	Q2 2022	Q2 2021	Q2 2022	Q2 2021
Net realized selling prices	\$ 18.97	\$ 18.99	\$ 1,483	\$ 1,371	\$ 0.89	\$ 0.78	\$ 1.03	\$ 0.71
SME	\$ 24.60	\$ 24.53	\$ 1,796	\$ 1,853	\$ 1.07	\$ 1.03	\$ 1.58	\$ 1.26
LME	\$ 24.37	\$ 24.15	\$ 1,789	\$ 1,910	\$ 1.04	\$ 0.85	\$ 1.36	\$ 1.06

	Q2 Fiscal 2022	Q2 Fiscal 2021	Change
Production costs	\$ 22,771	\$ 19,688	16%
Depreciation and amortization	6,878	5,592	23%
Mineral resource taxes	1,703	1,433	19%
Government fees and other taxes	710	648	10%
General and administrative	2,761	2,339	18%
	\$ 34,823	29,700	17%

The increases in the mineral resource taxes and government fees and other taxes were mainly due to higher revenue achieved in Q2 Fiscal 2022. Government fees and other taxes are comprised of environmental protection fees, surtaxes on VAT, land usage levies, stamp duties and other miscellaneous levies, duties and taxes imposed by the state and local Chinese governments.

General and administrative expenses for the mine operations in Q2 Fiscal 2022 were \$2.8 million, up 18% compared to \$2.3 million in Q2 Fiscal 2021. The increase was mainly due to an average 7% increase in employees'

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pay rates and the contribution to the employees' social welfare funds in China returned to the normal rate from a reduced contribution rate granted by the Chinese government in Fiscal 2021 due to Covid-19. Items included in general and administrative expenses in Q2 Fiscal 2022 are summarized as follows:

	Q2 Fiscal 2022	Q2 Fiscal 2021	Change
Amortization and depreciation	\$ 343	\$ 305	12%
Office and administrative expenses	707	740	-4%
Professional Fees	113	114	-1%
Salaries and benefits	1,598	1,180	35%
	\$ 2,761	\$ 2,339	18%

For six months ended September 30, 2021, cost of mine operations was \$68.1 million, compared to \$57.1 million in the same prior year period. The increase was mainly due to the same factors as discussed in the quarterly results above. Items included in the cost of mine operations for the six months ended September 30, 2021 are summarized as follows:

	Six months ended September 30,		
	2021	2020	Change
Production costs	\$ 45,256	\$ 37,435	21%
Depreciation and amortization	13,092	11,332	16%
Mineral resource taxes	3,116	2,769	13%
Government fees and other taxes	1,401	1,188	18%
General and administrative	5,273	4,396	20%
	\$ 68,138	\$ 57,120	19%

Items included in general and administrative expenses for the mine operations for the six months ended September 30, 2021 are summarized as follows:

	Six months ended September 30,		
	2021	2020	Change
Amortization and depreciation	\$ 678	\$ 593	14%
Office and administrative expenses	1,392	1,331	5%
Professional Fees	219	227	-4%
Salaries and benefits	2,984	2,245	33%
	\$ 5,273	\$ 4,396	20%

Income from mine operations in Q2 Fiscal 2022 was \$23.6 million, down 11% compared to \$26.7 million in prior year quarter. Income from mine operations at the Ying Mining District was \$19.3 million, down 16% compared to \$23.1 million in Q2 Fiscal 2021. Income from mine operations at the GC Mine was \$4.5 million, up 55% compared to \$2.9 million in Q2 Fiscal 2021.

Income from mine operations for the six months ended September 30, 2021 was \$49.1 million, up 7% compared to \$46.0 million in the same prior year period. Income from mine operations at the Ying Mining District was \$40.5 million, compared to \$40.7 million in the same prior year period, while GC Mine was \$8.8 million, up 87% compared to \$4.7 million in the same prior year period.

Corporate general and administrative expenses in Q2 Fiscal 2022 were \$3.7 million, up \$0.9 million, compared to \$2.8 million in Q2 Fiscal 2021. Items included in corporate general and administrative expenses are summarized as follows:

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	Q2 Fiscal 2022	Q2 Fiscal 2021	Change
Amortization and depreciation	\$ 144	\$ 132	9%
Office and administrative expenses	379	492	-23%
Professional Fees	192	45	327%
Salaries and benefits	1,366	1,099	24%
Share-based compensation	1,668	1,016	64%
	\$ 3,749	\$ 2,784	35%

The increase in salaries and benefits was mainly due to i) an increase 5% in corporate employees' pay rates, ii) contribution to the welfare funds in China returning to the normal rate from a reduced rate granted in China in Fiscal 2021 due to Covid-19; and iii) the increase in manpower to prepare and manage the additional properties acquired recently. The increase in non-cash share-based compensation reflects the amortization of the additional share awards granted in the previous quarter.

Corporate general and administrative expenses for the six months ended September 30, 2021 were \$7.6 million, compared to \$5.5 million in the same prior year period. Items included in corporate general and administrative expenses are summarized as follows:

	Six months ended September 30,		
	2021	2020	Change
Amortization and depreciation	\$ 290	\$ 252	15%
Office and administrative expenses	947	1,028	-8%
Professional Fees	337	363	-7%
Salaries and benefits	2,354	2,132	10%
Share-based compensation	3,659	1,696	116%
	\$ 7,587	\$ 5,471	39%

Property evaluation and business development expenses in Q2 Fiscal 2022 were \$0.2 million, compared to \$0.1 million in Q2 Fiscal 2021.

Property evaluation and business development expenses for the six months ended September 30, 2021 were \$0.6 million, compared to a recovery of \$3.7 million in the same prior year period. In the same prior year period, a break fee of \$6.5 million, net of expenses of \$2.5 million, was included as a recovery of property evaluation and business development expenses.

Foreign exchange gain in Q2 Fiscal 2022 was \$2.1 million compared to a loss of \$1.3 million in Q2 Fiscal 2021. The foreign exchange gain or loss is mainly driven by the exchange rate between the US dollar and the Canadian dollar.

Foreign exchange gain for the six months ended September 30, 2021 was \$1.6 million compared to a loss of \$4.0 million in the same prior year period.

Share of loss in associates in Q2 Fiscal 2022 was \$0.5 million, compared to \$0.3 million in Q2 Fiscal 2021. Share of loss in an associate represents the Company's equity pickup in NUAG and WHG.

Share of loss in associates for the six months ended September 30, 2021 was \$0.9 million, compared to \$0.5 million in the same prior year period.

Loss on investments in Q2 Fiscal 2022 was \$4.1 million, compared to a gain of \$2.8 million in Q2 Fiscal 2021. The loss includes a loss of \$3.3 million from the investment in mark-to-market equity instruments and an impairment charge of \$0.8 million against one debt instrument.

Loss in investments for the six months ended September 30, 2021 was \$4.9 million, compared to a gain of \$8.2 million in the same prior year period.

Finance income in Q2 Fiscal 2022 was \$1.3 million compared to \$0.7 million in Q2 Fiscal 2021. The Company invests in short-term investments which include term deposits, money market instruments, and bonds.

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Finance income for the six months ended September 30, 2021 was \$2.7 million compared to \$1.7 million in the same prior year period.

Income tax expenses in Q2 Fiscal 2022 were \$5.4 million, down \$0.5 million compared to \$5.9 million in Q2 Fiscal 2021. The income tax expenses recorded in Q2 Fiscal 2022 included a current income tax expenses of \$3.2 million (Q2 Fiscal 2021 - \$5.2 million) and a deferred income tax expenses of \$2.2 million (Q2 Fiscal 2021 - \$0.7 million).

Income tax expenses for the six months ended September 30, 2021 were \$10.2 million, down \$1.1 million compared to \$11.3 million in the same prior year period. The income tax expenses recorded for the six months ended September 30, 2021 included a current income tax expenses of \$7.1 million (same prior year period - \$9.7 million) and a deferred income tax expenses of \$3.0 million (same prior year period - \$1.5 million).

7. Liquidity and Capital Resources

As at	September 30, 2021	March 31, 2021	Changes
Cash and cash equivalents	\$ 141,929	\$ 118,735	\$ 23,194
Short-term investments	79,121	80,357	(1,236)
	\$ 221,050	\$ 199,092	\$ 21,958
Working capital	\$ 193,306	\$ 184,014	\$ 9,292

	Three months ended September 30,			Six months ended September 30,		
	2021	2020	Changes	2021	2020	Changes
Cash flow						
Cash provided by operating activities	\$ 30,854	\$ 29,601	\$ 1,253	\$ 67,306	\$ 59,743	\$ 7,563
Cash provided (used) in investing activities	(58,824)	(31,958)	(26,866)	(38,340)	(32,923)	(5,417)
Cash used in financing activities	263	1,716	(1,453)	(5,237)	(1,578)	(3,659)
Increase (decrease) in cash and cash equivalents	(27,707)	(641)	(27,066)	23,729	25,242	(1,513)
Effect of exchange rate changes on cash and cash equivalents	(1,822)	1,937	(3,759)	(535)	4,301	(4,836)
Cash and cash equivalents, beginning of the period	171,458	94,024	77,434	118,735	65,777	52,958
Cash and cash equivalents, end of the period	\$ 141,929	\$ 95,320	\$ 46,609	\$ 141,929	\$ 95,320	\$ 46,609

Cash, cash equivalents and short-term investments as at September 30, 2021 were \$221.1 million, up 11% or \$22.0 million, compared to \$199.1 million as at March 31, 2021.

Working capital as at September 30, 2021 was \$193.3 million, up 5% or \$9.3 million, compared to \$184.0 million as at March 31, 2021.

Cash flow provided by operating activities in Q2 Fiscal 2022 was \$30.9 million, up 4% or \$1.3 million, compared to \$29.6 million in Q2 Fiscal 2021. The increase was due to:

- \$31.7 million cash flow from operating activities before changes in non-cash operating working capital, up 17% or \$4.6 million, compared to \$27.1 million in Q2 Fiscal 2021; and offset by
- \$0.8 million cash outflow from an increase in non-cash working capital, compared to \$2.5 million inflow from a reduction in non-cash working capital in Q2 Fiscal 2021.

For the six months ended September 30, 2021, cash flow provided by operating activities was \$67.3 million, compared to \$59.7 million in the same prior year period. Before changes in non-cash operating working capital, cash flow provided by operating activities for the six months ended September 30, 2021 was \$59.0 million, compared to \$50.0 million in the same prior year period.

Cash flow used in investing activities in Q2 Fiscal 2022 was \$58.8 million, compared to \$31.9 million cash used in Q2 Fiscal 2021, and comprised mostly of:

- \$10.7 million spent on mineral exploration and development expenditures (Q2 Fiscal 2021 - \$8.9 million);
- \$3.1 million paid as a refundable deposit for the participation in the Kuanping Project auction (Q2 Fiscal 2021 - \$nil)
- \$3.4 million spent to acquire plant and equipment (Q2 Fiscal 2021 - \$2.2 million);

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- \$4.3 million spent on the acquisition of other investments (Q2 Fiscal 2021 - \$5.9 million); and
- \$37.5 million spent on net purchase of short-term investments (Q2 Fiscal 2021 - \$16.3 million); offset by
- \$0.2 million proceeds from disposal of other investments (Q2 Fiscal 2021 - \$1.2 million).

For the six months ended September 30, 2021, cash flow used in investing activities was \$38.3 million (same prior year period – \$32.9 million) and comprised mostly of:

- \$20.8 million spent on mineral exploration and development expenditures (same prior year period - \$16.7 million);
- \$3.1 million paid as refundable deposit for the participation in the Kuanping Project auction (same prior year period - \$nil)
- \$4.6 million spent to acquire plant and equipment (same prior year period - \$3.0 million);
- \$6.9 million spent on the acquisition of other investments (same prior year period - \$11.4 million); and
- \$5.0 million spent on investment in associates (same prior year period - \$5.8 million); offset by
- \$1.0 million proceeds from disposal of other investments (same prior year period - \$17.8 million); and
- \$1.0 million proceeds from the net redemptions of short-term investments (same prior year period - \$15.5 million spent on net purchase).

Cash flow provided by financing activities in Q2 Fiscal 2022 was \$0.3 million, compared to \$1.7 million in Q2 Fiscal 2021, and comprised mostly of:

- \$0.4 million cash received arising from exercise of stock options (Q2 Fiscal 2021 - \$1.8 million); offset by
- \$0.2 million lease payment (Q2 Fiscal 2021 - \$0.1 million).

For the six months ended September 30, 2021, cash flow used in financing activities was \$5.2 million (same prior year period - \$1.6 million) and comprised mostly of:

- \$0.3 million lease payment (same prior year period - \$0.3 million);
- \$3.9 million in distributions to non-controlling shareholders (same prior year period - \$3.2 million);
- \$2.2 million cash dividends paid (same prior year period - \$2.2 million); offset by
- \$nil repayment received from the non-controlling shareholder of Henan Found (same prior year period - \$1.4 million); and
- \$1.2 million cash received arising from exercise of stock options (same prior year period - \$2.7 million).

Available sources of funding

The Company does not have unlimited resources and its future capital requirements will depend on many factors, including, among others, cash flow from operations. To the extent that its existing resources and the funds generated by future income are insufficient to fund the Company's operations, the Company may need to raise additional funds through public or private debt or equity financing. If additional funds are raised through the issuance of equity securities, the percentage ownership of current shareholders will be reduced, and such equity securities may have rights, preferences or privileges senior to those of the holders of the Company's common shares. No assurance can be given that additional financing will be available or that, if available, can be obtained on terms favourable to the Company and its shareholders. If adequate funds are not available, the Company may be required to delay, limit or eliminate some or all of its proposed operations. The Company believes it has sufficient capital to meet its cash needs for the next 12 months, including the cost of compliance with continuing reporting requirements.

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8. Financial Instruments and Related Risks

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 September 30, 2021 and March 31, 2021 that are not otherwise disclosed. As required by IFRS 13, 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 September 30, 2021			
	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and cash equivalents	\$ 141,929	\$ -	\$ -	\$ 141,929
Short-term investments - money market instruments	58,956	-	-	58,956
Investments in public companies	12,284	-	-	12,284
Investments in private companies	-	-	6,027	6,027

Recurring measurements	Fair value as at March 31, 2021			
	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and cash equivalents	\$ 118,735	\$ -	\$ -	\$ 118,735
Short-term investments - money market instruments	64,545	-	-	64,545
Investments in public companies	13,444	-	-	13,444
Investments in private companies	-	-	2,289	2,289

Fair value of the other financial instruments excluded from the table above approximates their carrying amount as at September 30, 2021 and March 31, 2021, due to the short-term nature of these instruments.

There were no transfers into or out of Level 3 during the three and six months ended September 30, 2021 and 2020.

(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.

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

	September 30, 2021			March 31, 2021	
	Within a year	2-5 years	Total	Total	Total
Accounts payable and accrued liabilities	\$ 38,060	\$ -	\$ 38,060	\$ 30,298	\$ 30,298
Lease obligation	657	759	1,416	1,741	1,741
	\$ 38,717	\$ 759	\$ 39,476	\$ 32,039	\$ 32,039

(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 functional currency of New Infini and its subsidiaries is USD. 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:

	September 30, 2021	March 31, 2021
Financial assets denominated in U.S. Dollars	\$ 71,930	\$ 58,610
Financial liabilities denominated in U.S. Dollars	\$ 376	\$ 52

As at September 30, 2021, with other variables unchanged, a 10% strengthening (weakening) of the CAD against the USD would have decreased (increased) net income by approximately \$7.2 million.

(d) Interest rate risk

The Company is exposed to interest rate risk on its cash equivalents and short-term investments. As at September 30, 2021, 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 and short-term investments. 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.

(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 material amounts in trade or other receivables which were past due on September 30, 2021 (at March 31, 2021 - \$nil).

For the period ended September 30, 2021, the Company observed unfavorable market movements of certain bond holding within its short-term investments. These bond holdings totaling \$15.0 million, were issued by some Chinese real estate developers and their subsidiaries. Although there is significant uncertainty regarding their

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collectability, for the bonds that are not in default and payment are current as at September 30, 2021, management determined that impairment was not required. Management exercised significant judgements in terms of the collectability of the interest and principal payments and evaluate these holdings as needed for potential impairment and to manage the credit risk exposure.

(f) *Equity price risk*

The Company holds certain marketable securities that will fluctuate in value as a result of trading on 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 September 30, 2021, 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 the net income and other comprehensive income of \$0.9 million and \$0.3 million, respectively.

9. Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

10. Transactions with Related Parties

Related party transactions are made on terms agreed upon with the related parties. The balances with related parties are unsecured. Related party transactions not disclosed elsewhere in this MD&A are as follows:

(i) *Due from related parties*

Due from related parties	September 30, 2021	March 31, 2021
NUAG (a)	\$ 58	\$ 59
WHG (b)	13	19
Henan Non-ferrous (c)	797	769
	\$ 868	\$ 847

(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 six months ended September 30, 2021, the Company recovered \$0.2 million and \$0.3 million (three and six months ended September 30, 2020 - \$0.2 million and \$0.3 million), 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) The Company recovers costs for services rendered to WHG and expenses incurred on behalf of WHG pursuant to a services and administrative costs reallocation agreement. During the three and six months ended September 30, 2021, the Company recovered \$0.05 million and \$0.1 million (three and six months ended September 30, 2020 - \$nil and \$nil), from WHG for services rendered and expenses incurred on behalf of WHG. The costs recovered from WHG were recorded as a direct reduction of general and administrative expenses on the consolidated statements of income.

(c) In January 2021, Henan Found advanced a loan of \$0.7 million (RMB¥5.0 million) to Henan Non-ferrous. The loan bears an interest rate of 4.35% per annum.

The balances with related parties are unsecured.

11. Alternative Performance (Non-IFRS) Measures

The following alternative performance measures are used by the Company to manage and evaluate operating performance of the Company's mines and are widely reported in the silver mining industry as benchmarks for performance but are alternative performance (non-IFRS) measures that do not have standardized meaning

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prescribed by IFRS and therefore unlikely to be comparable to similar measures presented by other companies. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. To facilitate a better understanding of these measures, the tables in this section provide the reconciliation of these measures to the financial statements for the three and six months ended September 30, 2021 and 2020:

(a) Adjusted Earnings and Adjusted Earnings per Share

Adjusted earnings and adjusted earnings per share are non-IFRS measures and supplement information to the Company's consolidated financial statements. The Company believes that, in addition to the conventional measures prepared in accordance with IFRS, the Company and certain investors and analysts use this information to evaluate the Company's underlying core operating performance. The presentation of adjusted earnings and adjusted earnings per share is not meant to be a substitute of net income and net income per share presented in accordance with IFRS, but rather should be evaluated in conjunction with such IFRS measure.

The Company defines the adjusted earnings as net income adjusted to exclude certain non-cash and unusual items, and items that in the Company's judgment are subject to volatility as a result of factors which are unrelated to the Company's operation in the period, and/or relate to items that will settle in future period, including impairment adjustments and reversal, foreign exchange gain or loss, dilution gain or loss, share-based compensation, share of gain or loss of associates, gain or loss on investments, and other non-recurring items. Certain items that become applicable in a period may be adjusted for, with the Company retroactively presenting comparable periods with an adjustment for such items and, conversely, items no longer applicable may be removed from the calculation. The following table provides a detailed reconciliation of net income as reported in the Company's consolidated financial statements to adjusted earnings and adjusted earning per share.

	Three months ended September 30,		Six months ended September 30,	
	2021	2020	2021	2020
Net income as reported for the period	\$ 12,758	\$ 19,557	\$ 28,990	\$ 38,049
Adjustments, net of tax				
Share-based compensation included in general and administrative	1,668	1,016	3,659	1,696
One time break fee recovery included in property evaluation and business development	-	-	-	(3,970)
Foreign exchange loss (gain)	(2,063)	1,349	(1,613)	4,019
Share of loss in associates	469	319	865	480
Loss (gain) on investments	4,142	(2,771)	4,864	(8,237)
Adjusted earnings for the period	\$ 16,974	\$ 19,470	\$ 36,765	\$ 32,037
Non-controlling interest as reported	3,365	4,085	7,385	7,086
Adjusted earnings attributable to equity holders	\$ 13,609	\$ 15,385	\$ 29,380	\$ 24,951
Adjusted earnings per share attributable to the equity shareholders of the Company				
Basic adjusted earning per share	\$ 0.08	\$ 0.09	\$ 0.17	\$ 0.14
Diluted adjusted earning per share	\$ 0.08	\$ 0.09	\$ 0.16	\$ 0.14
Basic weighted average shares outstanding	176,285,864	174,688,227	176,120,380	174,344,733
Diluted weighted average shares outstanding	178,496,716	177,112,569	178,411,042	176,697,376

(b) Working Capital

Working capital is an alternative performance (non-IFRS) measure calculated as current asset less current liabilities. Working capital does not have any standardized meaning prescribed by IFRS and is therefore unlikely to be comparable to similar measures presented by other companies. The Company and certain investors use this information to evaluate whether the Company is able to meet its current obligations using its current assets.

(c) Costs per Ounce of Silver

Cash cost and all-in sustaining cost ("AISC") per ounce of silver, net of by-product credits, are non-IFRS measures. The Company produces by-product metals incidentally to our silver mining activities. We have adopted the practice of calculating a performance measure with the net cost of producing an ounce of silver, our primary payable metal, after deducting revenues gained from incidental by-product production. This performance measure has been commonly used in the mining industry for many years and was developed as a relatively simple way of comparing the net production costs of the primary metal for a specific period against the prevailing market price of such metal.

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Cash cost is calculated by deducting revenue from the sales of all metals other than silver and is calculated per ounce of silver sold.

AISC is an extension of the "cash cost" metric and provides a comprehensive measure of the Company's operating performance and ability to generate cash flows. AISC has been calculated based on World Gold Council ("WGC") guidance released in 2013 and undated in 2018. The WGC is not a regulatory organization and does not have the authority to develop accounting standards for disclosure requirements.

AISC is based on the Company's cash costs, net of by-product sales, and further includes corporate general and administrative expense, government fees and other taxes, reclamation cost accretion, lease liability payments, and sustaining capital expenditures. Sustaining capital expenditures are those costs incurred to sustain and maintain existing assets at current productive capacity and constant planned levels of production output. Excluded are non-sustaining capital expenditures, which result in a material increase in the life of assets, materially increase resources or reserves, productive capacity, or future earning potential, or significant improvement in recovery or grade, or which do not relate to the current production activities. The Company believes that this measure represents the total sustainable costs of producing silver from current operations and provides additional information about the Company's operational performance and ability to generate cash flows.

The following table provides a reconciliation of cash cost and AISC per ounce of silver, net of by-product credits:

(Expressed in thousands of U.S. dollars, except ounce and per ounce amount)	Three months ended September 30, 2021					Three months ended September 30, 2020					
	Ying Mining					Ying Mining					
	District	GC	Other	Corporate	Consolidated	District	GC	Other	Corporate	Consolidated	
Production costs expensed as reported	A	\$ 17,898	\$ 4,873	\$ -	\$ -	\$ 22,771	\$ 14,941	4,298	\$ 449	\$ -	\$ 19,688
By-product sales											
Gold		(1,186)	-	-	-	(1,186)	(1,492)	-	(1,524)	-	(3,016)
Lead		(12,859)	(2,551)	-	-	(15,410)	(12,148)	(2,239)	-	-	(14,387)
Zinc		(1,731)	(6,090)	-	-	(7,821)	(1,071)	(4,165)	-	-	(5,236)
Other		(1,020)	(193)	-	-	(1,213)	(454)	(231)	-	-	(685)
Total by-product sales	B	(16,796)	(8,834)	-	-	(25,630)	(15,165)	(6,635)	(1,524)	-	(23,324)
Total cash cost, net of by-product credits	C=A-B	1,102	(3,961)	-	-	(2,859)	(224)	(2,337)	(1,075)	-	(3,636)
Add: Mineral resources tax		1,394	309	-	-	1,703	1,172	261	-	-	1,433
General and administrative		2,020	601	140	3,749	6,510	1,520	695	124	2,784	5,123
Amortization included in general and administrative		(140)	(99)	(104)	(144)	(487)	(122)	(89)	(94)	(132)	(437)
Property evaluation and business development*		-	-	31	213	244	-	-	-	126	126
Government fees and other taxes		577	130	3	-	710	519	128	1	-	648
Reclamation accretion		52	6	9	-	67	56	6	9	-	71
Lease payment		-	-	-	154	154	-	-	-	139	139
Sustaining capital expenditures		5,672	971	-	24	6,667	7,393	1,008	1	290	8,692
All-in sustaining cost, net of by-product credits	F	10,677	(2,043)	79	3,996	12,709	10,314	(328)	(1,034)	3,207	12,159
Add: Non-sustaining capital expenditures		6,528	260	1,390	-	8,178	2,244	116	-	-	2,360
All-in cost, net of by-product credits	G	17,205	(1,783)	1,469	3,996	20,887	12,558	(212)	(1,034)	3,207	14,519
Silver ounces sold ('000s)	H	1,553	176	-	-	1,729	1,556	184	-	-	1,740
Cash cost per ounce of silver, net of by-product credits	(A+B)/H	\$ 0.71	\$ (22.51)	\$ -	\$ -	\$ (1.65)	\$ (0.14)	(12.70)	\$ -	\$ -	\$ (2.09)
All-in sustaining cost per ounce of silver, net of by-product credits	F/H	\$ 6.88	\$ (11.61)	\$ -	\$ -	\$ 7.35	\$ 6.63	(1.78)	\$ -	\$ -	\$ 6.99
All-in cost per ounce of silver, net of by-product credits	G/H	\$ 11.08	\$ (10.13)	\$ -	\$ -	\$ 12.08	\$ 8.07	(1.15)	\$ -	\$ -	\$ 8.34
By-product credits per ounce of silver											
Gold		(0.76)	-	-	-	(0.69)	(0.96)	-	-	-	(1.73)
Lead		(8.28)	(14.49)	-	-	(8.91)	(7.81)	(12.17)	-	-	(8.27)
Zinc		(1.11)	(34.60)	-	-	(4.52)	(0.69)	(22.64)	-	-	(3.01)
Other		(0.66)	(1.10)	-	-	(0.70)	(0.29)	(1.26)	-	-	(0.39)
Total by-product credits per ounce of silver		\$ (10.81)	\$ (50.19)	\$ -	\$ -	\$ (14.82)	\$ (9.75)	\$ (36.07)	\$ -	\$ -	\$ (13.40)

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(Expressed in thousands of U.S. dollars, except per share data or unless otherwise stated)

(Expressed in thousands of U.S. dollars, except ounce and per ounce amount)	Six months ended September 30, 2021					Six months ended September 30, 2020					
	Ying Mining District	GC	Other	Corporate	Consolidated	Ying Mining District	GC	Other	Corporate	Consolidated	
Production costs expensed as reported	A	\$ 35,554	\$ 9,702	\$ -	\$ -	\$ 45,256	\$ 29,065	7,921	\$ 449	\$ -	\$ 37,435
By-product sales											
Gold		(2,694)	-	-	-	(2,694)	(2,969)	-	(1,524)	-	(4,493)
Lead		(25,046)	(4,764)	-	-	(29,810)	(24,494)	(4,267)	-	-	(28,761)
Zinc		(3,345)	(11,844)	-	-	(15,189)	(2,442)	(6,949)	-	-	(9,391)
Other		(2,205)	(557)	-	-	(2,762)	(839)	(360)	-	-	(1,199)
Total by-product sales	B	(33,290)	(17,165)	-	-	(50,455)	(30,744)	(11,576)	(1,524)	-	(43,844)
Total cash cost, net of by-product credits	C=A+B	2,264	(7,463)	-	-	(5,199)	(1,679)	(3,655)	(1,075)	-	(6,409)
Add: Mineral resources tax		2,506	610	-	-	3,116	2,297	472	-	-	2,769
General and administrative		3,747	1,256	270	7,587	12,860	2,915	1,244	237	5,471	9,867
Amortization included in general and administrative		(280)	(197)	(201)	(290)	(968)	(237)	(179)	(177)	(252)	(845)
Property evaluation and business development*		-	-	84	550	634	-	-	-	311	311
Government fees and other taxes		1,125	272	4	-	1,401	978	209	1	-	1,188
Reclamation accretion		105	13	17	-	135	111	12	17	-	140
Lease payment		-	-	-	311	311	-	-	-	271	271
Sustaining capital expenditures		10,669	1,912	-	94	12,675	12,846	2,051	1	479	15,377
All-in sustaining cost, net of by-product credits	F	20,136	(3,597)	174	8,252	24,965	17,231	154	(996)	6,280	22,669
Add: Non-sustaining capital expenditures		11,499	432	803	-	12,734	3,855	390	87	-	4,332
All-in cost, net of by-product credits	G	31,635	(3,165)	977	8,252	37,699	21,086	544	(909)	6,280	27,001
Silver ounces sold ('000s)	H	3,000	371	-	-	3,371	3,228	384	-	-	3,612
Cash cost per ounce of silver, net of by-product credits	(A+B)/H	\$ 0.75	\$ (20.12)	\$ -	\$ -	\$ (1.54)	\$ (0.52)	\$ (9.52)	\$ -	\$ -	\$ (1.77)
All-in sustaining cost per ounce of silver, net of by-product credits	F/H	\$ 6.71	\$ (9.70)	\$ -	\$ -	\$ 7.41	\$ 5.34	\$ 0.40	\$ -	\$ -	\$ 6.28
All-in cost per ounce of silver, net of by-product credits	G/H	\$ 10.55	\$ (8.53)	\$ -	\$ -	\$ 11.18	\$ 6.53	\$ 1.42	\$ -	\$ -	\$ 7.48
By-product credits per ounce of silver											
Gold		(0.90)	-	-	-	(0.80)	(0.92)	-	-	-	(1.24)
Lead		(8.35)	(12.84)	-	-	(8.84)	(7.59)	(11.11)	-	-	(7.96)
Zinc		(1.12)	(31.92)	-	-	(4.51)	(0.76)	(18.10)	-	-	(2.60)
Other		(0.74)	(1.50)	-	-	(0.82)	(0.26)	(0.94)	-	-	(0.33)
Total by-product credits per ounce of silver		\$ (11.11)	\$ (46.26)	\$ -	\$ -	\$ (14.97)	\$ (9.52)	\$ (30.15)	\$ -	\$ -	\$ (12.14)

*Recovery of \$3,970, arising the break fee of \$6,497 (CAD\$9,000) receipt from Guyana Goldfields net of expenses of \$2,527, was excluded for the six months ended September 30, 2020.

(d) Costs per Tonne of Ore Processed

The Company uses cost per tonne of ore processed to manage and evaluate operating performance at each of its mines. Cost per tonne of ore processed is calculated based on total production costs on a sales basis, adjusted for changes in inventory, to arrive at total production costs that relate to ore production during the period. These total production costs are then further divided into mining cost, shipping cost, and milling cost. Cost per tonne of ore processed is the total of per tonne mining cost, per tonne shipping cost, and per tonne milling cost.

All-in sustaining production cost per tonne is an extension of the cash production cost per tonne and provides a comprehensive measure of the Company's operating performance and ability to generate cash flows. All-in sustaining production cost per tonne is based on the Company's cash production cost, and further includes corporate general and administrative expenses, government fees and other taxes, reclamation cost accretion, lease liability payments, and sustaining capital expenditures. The Company believes that this measure represents the total sustainable costs of processing ore from current operations and provides additional information about the Company's operational performance and ability to generate cash flows.

The following table provides a reconciliation of production cost and all-in sustaining production cost per tonne of ore processed:

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(Expressed in thousands of U.S. dollars, except ounce and per ounce amount)	Three months ended September 30, 2021					Three months ended September 30, 2020				
	Ying Mining District	GC	Other	Corporate	Consolidated	Ying Mining District	GC	Other	Corporate	Consolidated
Production costs expensed as reported	\$ 17,898	\$ 4,873	\$ -	\$ -	\$ 22,771	\$ 14,941	\$ 4,298	\$ 449	\$ -	\$ 19,688
Depreciation and amortization as reported	5,973	905	-	-	6,878	4,404	870	-	-	5,274
Adjustment for aggregate plant operations*	(633)	-	-	-	-	-	-	-	-	-
Change in stockpile and concentrate inventory										
Less: stockpile and concentrate inventory - Beginning	(1,495)	(254)	(34)	-	(1,783)	(4,485)	(242)	(792)	-	(5,519)
Add: stockpile and concentrate inventory - Ending	4,128	200	34	-	4,362	3,052	365	32	-	3,449
Adjustment for foreign exchange movement	(3)	(1)	-	-	(4)	1,297	(265)	760	-	1,792
	2,630	(55)	-	-	2,575	(136)	(142)	-	-	(278)
Total production cost	\$ 25,868	\$ 5,723	\$ -	\$ -	\$ 32,224	\$ 19,209	\$ 5,026	\$ -	\$ -	\$ 24,235
Depreciation and amortization charged to mining costs	A 5,854	769	-	-	6,623	4,441	738	-	-	5,179
Depreciation and amortization charged to milling costs	B 340	122	-	-	462	284	104	-	-	388
Total non-cash production cost	\$ 6,194	\$ 891	\$ -	\$ -	\$ 7,085	\$ 4,725	\$ 842	\$ -	\$ -	\$ 5,567
Cash mining cost	C 17,033	3,536	-	-	20,569	12,268	3,163	-	-	15,431
Shipping cost	D 692	-	-	-	692	694	-	-	-	694
Cash milling cost	E 1,949	1,297	-	-	3,246	1,523	1,022	-	-	2,545
Total cash production cost	\$ 19,674	\$ 4,833	\$ -	\$ -	\$ 24,507	\$ 14,485	\$ 4,185	\$ -	\$ -	\$ 18,670
General and administrative	2,020	601	140	3,749	6,510	1,520	695	124	2,784	5,123
Property evaluation and business development**	-	-	31	213	244	-	-	-	126	126
Amortization included in general and administrative	(140)	(99)	(104)	(144)	(487)	(122)	(89)	(94)	(132)	(437)
Government fees and other taxes	577	130	3	-	710	519	128	1	-	648
Reclamation accretion	52	6	9	-	67	56	6	9	-	71
Lease payment	-	-	-	154	154	-	-	-	139	139
Adjustment for aggregate plant operations*	(44)	-	-	-	-	-	-	-	-	-
Sustaining capital expenditures	5,672	971	-	24	6,667	7,393	1,008	1	290	8,692
All-in sustaining production cost	F \$ 27,811	\$ 6,442	\$ 79	\$ 3,996	\$ 38,372	\$ 23,851	\$ 5,933	\$ 41	\$ 3,207	\$ 33,032
Non-sustaining capital expenditures	6,528	260	1,390	-	8,178	2,244	116	-	-	2,360
All in production cost	G \$ 34,339	\$ 6,702	\$ 1,469	\$ 3,996	\$ 46,550	\$ 26,095	\$ 6,049	\$ 41	\$ 3,207	\$ 35,392
Ore mined ('000s)	H 206,933	85,535	-	-	292,468	181,020	86,833	-	-	267,853
Ore shipped ('000s)	I 193,445	85,535	-	-	278,980	182,909	86,833	-	-	269,742
Ore milled ('000s)	J 182,173	89,643	-	-	271,816	179,083	84,850	-	-	263,933
Per tonne Production cost										
Non-cash mining cost (\$/tonne)	K=A/H	28.29	8.99	-	22.65	24.53	8.50	-	-	19.34
Non-cash milling cost (\$/tonne)	L=B/J	1.87	1.36	-	1.70	1.59	1.23	-	-	1.47
Non-cash production cost (\$/tonne)	M=K+L	\$ 30.16	\$ 10.35	\$ -	\$ 24.35	\$ 26.12	\$ 9.73	\$ -	\$ -	\$ 20.81
Cash mining cost (\$/tonne)	N=C/H	82.31	41.34	-	70.33	67.77	36.43	-	-	57.61
Shipping costs (\$/tonne)	O=D/I	3.58	-	-	2.48	3.79	-	-	-	2.57
Cash milling costs (\$/tonne)	P=E/J	10.70	14.47	-	11.94	8.50	12.04	-	-	9.64
Cash production costs (\$/tonne)	Q=N+O+P	\$ 96.59	\$ 55.81	\$ -	\$ 84.75	\$ 80.06	\$ 48.47	\$ -	\$ -	\$ 69.82
All-in sustaining production costs (\$/tonne)	P=(F-C-D-E)/J+Q	\$ 141.26	\$ 73.76	\$ -	\$ 135.76	\$ 132.36	\$ 69.07	\$ -	\$ -	\$ 124.24
All in costs (\$/tonne)	S=P+(G-F)/J	\$ 177.09	\$ 76.66	\$ -	\$ 165.85	\$ 144.89	\$ 70.44	\$ -	\$ -	\$ 133.18

*Adjustments to exclude the operating costs of the aggregate plant.

(Expressed in thousands of U.S. dollars, except ounce and per ounce amount)	Six months ended September 30, 2021					Six months ended September 30, 2020				
	Ying Mining District	GC	Other	Corporate	Consolidated	Ying Mining District	GC	Other	Corporate	Consolidated
Production costs expensed as reported	\$ 35,554	\$ 9,702	\$ -	\$ -	\$ 45,256	\$ 29,065	\$ 7,921	\$ 449	\$ -	\$ 37,435
Depreciation and amortization	11,056	2,036	-	-	13,092	9,419	1,595	-	-	11,014
Adjustment for aggregate plant operations*	(1,104)	-	-	-	(1,104)	-	-	-	-	-
Changes in stockpile and concentrate inventory										
Less: stockpile and concentrate inventory - Beginning	(5,996)	(442)	(34)	-	(6,472)	(4,474)	(241)	(790)	-	(5,505)
Add: stockpile and concentrate inventory - Ending	4,128	200	34	-	4,362	3,052	365	32	-	3,449
Adjustment for foreign exchange movement	(61)	(6)	-	-	(67)	(111)	(4)	(9)	-	(124)
	(1,929)	(248)	-	-	(2,177)	(1,533)	120	(767)	-	(2,180)
Total production cost	\$ 43,577	\$ 11,490	\$ -	\$ -	\$ 55,067	\$ 36,951	\$ 9,636	\$ -	\$ -	\$ 46,587
Depreciation and amortization charged to mining costs	A 9,788	1,753	-	-	11,541	8,589	1,411	-	-	10,000
Depreciation and amortization charged to milling costs	B 674	242	-	-	916	566	205	-	-	771
Total non-cash production cost	\$ 10,462	\$ 1,995	\$ -	\$ -	\$ 12,457	\$ 9,155	\$ 1,616	\$ -	\$ -	\$ 10,771
Cash mining cost	C 28,072	6,922	-	-	34,994	23,436	5,987	-	-	29,423
Shipping cost	D 1,238	-	-	-	1,238	1,335	-	-	-	1,335
Cash milling cost	E 3,806	2,574	-	-	6,380	3,024	2,033	-	-	5,057
Total cash production cost	\$ 33,116	\$ 9,496	\$ -	\$ -	\$ 42,612	\$ 27,795	\$ 8,020	\$ -	\$ -	\$ 35,815
General and administrative	3,747	1,256	270	7,587	12,860	2,915	1,244	237	5,471	9,867
Property evaluation and business development**	-	-	84	550	634	-	-	-	311	311
Amortization included in general and administrative	(280)	(197)	(201)	(290)	(968)	(237)	(179)	(177)	(252)	(845)
Government fees and other taxes	1,125	272	4	-	1,401	978	209	1	-	1,188
Reclamation accretion	105	13	17	-	135	111	12	17	-	140
Lease payment	-	-	-	311	311	-	-	-	271	271
Adjustment for aggregate plant operations*	(119)	-	-	-	(119)	-	-	-	-	-
Sustaining capital expenditures	10,669	1,912	-	94	12,675	12,846	2,051	1	479	15,377
All-in sustaining production cost	F \$ 48,363	\$ 12,752	\$ 174	\$ 8,252	\$ 69,541	\$ 44,408	\$ 11,357	\$ 79	\$ 6,280	\$ 62,124
Non-sustaining capital expenditures	11,499	432	803	-	12,734	3,855	390	87	-	4,332
All in production cost	G \$ 59,862	\$ 13,184	\$ 977	\$ 8,252	\$ 82,275	\$ 48,263	\$ 11,747	\$ 166	\$ 6,280	\$ 66,456
Ore mined ('000s)	H 349,840	173,863	-	-	523,703	355,196	167,212	-	-	522,408
Ore shipped ('000s)	I 345,137	173,863	-	-	519,000	359,225	167,212	-	-	526,437
Ore milled ('000s)	J 337,580	177,313	-	-	514,893	356,772	169,487	-	-	526,259
Per tonne Production cost										
Non-cash mining cost (\$/tonne)	K=A/H	27.98	10.08	-	22.04	24.18	8.44	-	-	19.14
Non-cash milling cost (\$/tonne)	L=B/J	2.00	1.36	-	1.78	1.59	1.21	-	-	1.47
Non-cash production cost (\$/tonne)	M=K+L	\$ 29.98	\$ 11.44	\$ -	\$ 23.82	\$ 25.77	\$ 9.65	\$ -	\$ -	\$ 20.61
Cash mining cost (\$/tonne)	N=C/H	80.24	39.81	-	66.82	65.98	35.80	-	-	56.32
Shipping costs (\$/tonne)	O=D/I	3.59	-	-	2.39	3.72	-	-	-	2.54
Cash milling costs (\$/tonne)	P=E/J	11.27	14.52	-	12.39	8.48	12.00	-	-	9.61
Cash production costs (\$/tonne)	Q=N+O+P	\$ 95.10	\$ 54.33	\$ -	\$ 81.60	\$ 78.18	\$ 47.80	\$ -	\$ -	\$ 68.47
All-in sustaining production costs (\$/tonne)	P=(F-C-D-E)/J+Q	\$ 140.27	\$ 72.69	\$ -	\$ 133.90	\$ 124.74	\$ 67.49	\$ -	\$ -	\$ 118.46
All in costs (\$/tonne)	S=P+(G-F)/J	\$ 174.33	\$ 75.13	\$ -	\$ 158.63	\$ 135.55	\$ 69.79	\$ -	\$ -	\$ 126.69

*Adjustments to exclude the operating costs of the aggregate plant.

**Recovery of \$3,970, arising from the break fee of \$6,497 (CAD\$9,000) receipt from Guyana Goldfields net of expenses of \$2,527, was excluded for the six months ended September 30, 2020.

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12. Critical Accounting Policies, Judgments, and Estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported on the consolidated financial statements. These critical accounting estimates represent management estimates and judgements that are uncertain and any changes in these estimates could materially impact the Company's consolidated financial statements. Management continuously reviews its estimates and assumptions using the most current information available. The Company's critical accounting policies, judgements and estimates are described in Note 2 of the unaudited condensed consolidated interim financial statements for the three and six months ended September 30, 2021, as well as the audited financial statements for the year ended March 31, 2021.

13. New Accounting Standards

(a) Adoption of new accounting standards

Amendments to IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use

The Company adopted Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use, on April 1, 2021 and the adoption has no material impact on the Company's financial statements. In May 2020, the IASB issued *Property, Plant and Equipment — Proceeds before Intended Use*, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

(b) Accounting standards not yet effective

New accounting standards and interpretations published, but not mandatory for the current period and not yet early adopted by the Company, are not expected to have a material impact on the Company in the current or future reporting periods.

14. Other MD&A Requirements

Additional information relating to the Company:

- (a) may be found on SEDAR at www.sedar.com;
- (b) may be found at the Company's website www.silvercorp.ca;
- (c) may be found in the Company's Annual Information Form; and
- (d) is also provided in the Company's annual audited consolidated financial statements as of September 30, 2021.

15. Outstanding Share Data

As at the date of this MD&A, the following securities were outstanding:

(a) Share Capital

Authorized - unlimited number of common shares without par value

Issued and outstanding – **176,544,841** common shares with a recorded value of **\$253.4 million**

Shares subject to escrow or pooling agreements - \$nil.

(b) Options

As at the date of this MD&A, the outstanding options comprise the following:

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Number of Options	Exercise Price (CAD\$)	Expiry Date
353,750	\$2.60	2021-11-16
560,335	\$5.46	2025-05-26
480,000	\$9.45	2025-11-11
1,394,085		

(c) Restricted Share Units (RSUs)

Outstanding – 1,869,372 RSUs with an average grant date closing price of CAD\$6.41 per share.

16. Risks and Uncertainties

The Company is exposed to a number of risks in conducting its business, including but not limited to: metal price risk as the Company derives its revenue from the sale of silver, lead, zinc, and gold; credit risk in the normal course of dealing with other companies and financial institutions; foreign exchange risk as the Company reports its financial statements in USD whereas the Company operates in jurisdictions that utilize other currencies; equity price risk and interest rate risk as the Company has investments in marketable securities that are traded in the open market or earn interest at market rates that are fixed to maturity or at variable interest rates; inherent risk of uncertainties in estimating mineral reserves and mineral resources; political risks; economic and social risks related to conducting business in foreign jurisdictions such as China and Mexico; environmental risks; risks related to its relations with employees and local communities where the Company operates, and emerging risks relating to the spread of COVID-19, which has to date resulted in profound health and economic impacts globally and which presents future risks and uncertainties that are largely unknown at this time.

Management and the Board continuously assess risks that the Company is exposed to and attempt to mitigate these risks where practical through a range of risk management strategies.

These and other risks are described in the Company's Annual Information Form, NI 43-101 technical reports, Form 40-F, and Audited Consolidated Financial Statements, which are available on SEDAR at www.sedar.com and on EDGAR at www.sec.gov. Readers are encouraged to refer to these documents for a more detailed description of some of the risks and uncertainties inherent to Silvercorp's business.

- COVID-19

The Company's business, operations and financial condition could be materially adversely affected by the outbreak of pandemics or other health crises, such as the outbreak of COVID-19 that was designated as a pandemic by the World Health Organization on March 11, 2020. The international response to the spread of COVID-19 has led to significant restrictions on travel, temporary business closures, quarantines, global stock market volatility, and a general reduction in consumer activity. Such public health crises can result in operating, supply chain and project development delays and disruptions, global stock market and financial market volatility, declining trade and market sentiment, reduced movement of people and labour shortages, and travel and shipping disruption and shutdowns, including as a result of government regulation and prevention measures, or a fear of any of the foregoing, all of which could affect commodity prices, interest rates, credit risk and inflation. In addition, the current COVID-19 pandemic, and any future emergence and spread of similar pathogens could have an adverse impact on global economic conditions which may adversely impact the Company's operations, and the operations of suppliers, contractors and service providers.

The Company may experience business interruptions, including suspended (whether government mandated or otherwise) or reduced operations relating to COVID-19 and other such events outside of the Company's control, which could have a material adverse impact on its business, operations and operating results, financial condition and liquidity.

As at the date of this MD&A, the duration of the business disruptions internationally and related financial impact of COVID-19 cannot be reasonably estimated. It is unknown whether and how the Company may be affected if the pandemic persists for an extended period of time.

The Company's exposure to such public health crises also includes risks to employee health and safety. Should

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an employee, contractor, community member or visitor become infected with a serious illness that has the potential to spread rapidly, this could place the Company's workforce at risk.

- **Metal Price Risk**

The Company's sales prices for lead and zinc pounds are fixed against the Shanghai Metals Exchange as quoted at www.shmet.com; gold ounces are fixed against the Shanghai Gold Exchange as quoted at www.sge.com.cn and silver ounces are fixed against the Shanghai White Platinum & Silver Exchange as quoted at www.ex-silver.com.

The Company's revenues, if any, are expected to be in large part derived from the mining and sale of silver, lead, zinc, and gold contained in metal concentrates. The prices of those commodities have fluctuated widely, particularly in recent years, and are affected by numerous factors beyond the Company's control including international and regional economic and political conditions; expectations of inflation; currency exchange fluctuations; interest rates; global or regional supply and demand for jewellery and industrial products containing silver and other metals; sale of silver and other metals by central banks and other holders, speculators and producers of silver and other metals; availability and cost of metal substitutes; and increased production due to new mine developments and improved mining and production methods. The price of base and precious metals may have a significant influence on the market price of the Company's shares and the value of its projects. The effect of these factors on the price of base and precious metals, and therefore the viability of the Company's exploration projects and mining operations, cannot be accurately predicted.

If silver and other metals prices were to decline significantly or for an extended period of time, the Company may be unable to continue operations, develop its projects, or fulfil obligations under agreements with the Company's joint venture partners or under its permits or licenses.

- **Permits, licenses and national security clearance**

All mineral resources and mineral reserves of the Company's subsidiaries are owned by their respective governments, and mineral exploration and mining activities may only be conducted by entities that have obtained or renewed exploration or mining permits and licenses in accordance with the relevant mining laws and regulations. No guarantee can be given that the necessary exploration and mining permits and licenses will be issued to the Company or, if they are issued, that they will be renewed, or if renewed under reasonable operational and/or financial terms, or in a timely manner, or that the Company will be in a position to comply with all conditions that are imposed. No guarantee can be given that the national security clearance for Zhonghe Silver Project will be issued, or if it is issued, that it will be issued under reasonable operational and/or financial terms, or in a timely manner, or that the Company will be in a position to comply with all conditions that are imposed.

Nearly all mining projects require government approval. There can be no certainty that approvals necessary to develop and operate mines on the Company's properties will be granted or renewed in a timely and/or economical manner, or at all.

- **Title to properties**

With respect to the Company's Chinese properties, while the Company has investigated title to all of its mineral claims and to the best of its knowledge, title to all of its properties is in good standing, the properties may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects. There may be valid challenges to the title of the Company's properties which, if successful, could impair development and/or operations. The Company cannot give any assurance that title to its properties will not be challenged. Title insurance is generally not available for mineral properties and the Company's ability to ensure that it has obtained secure claims to individual mineral properties or mining concessions may be severely constrained. The Company's mineral properties in China have not been surveyed, and the precise location and extent thereof may be in doubt.

- **Operations and political conditions**

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Most of the properties in which the Company has an interest are located in China, which has different regulatory and legal standards than those in North America. Even when the Company's mineral properties are proven to host economic reserves of metals, factors such as political instability, terrorism, opposition and harassment from local miners, or governmental expropriation or regulation may prevent or restrict mining of any such deposits or repatriation of profits.

Most of the Company's operations are located in China. These operations are subject to the risks normally associated with conducting business in China. Some of these risks are more prevalent in countries which are less developed or have emerging economies, including uncertain political and economic environments, as well as risks of war and civil disturbances or other risks which may limit or disrupt a project, restrict the movement of funds or result in the deprivation of contractual rights or the taking of property by nationalization or expropriation without fair compensation, risk of adverse changes in laws or policies, increases in foreign taxation or royalty obligations, license fees, permit fees, delays in obtaining or the inability to obtain necessary governmental permits, limitations on ownership and repatriation of earnings, and foreign exchange controls and currency devaluations.

In addition, the Company may face import and export regulations, including export restrictions, disadvantages of competing against companies from countries that are not subject to similar laws, restrictions on the ability to pay dividends offshore, and risk of loss due to disease and other potential endemic health issues. Although the Company is not currently experiencing any significant or extraordinary problems in China arising from such risks, there can be no assurance that such problems will not arise in the future. The Company currently does not carry political risk insurance coverage.

The Company's interests in its mineral properties are held through joint venture companies established under and governed by the laws of China. The Company's joint venture partners in China include state-sector entities and, like other state-sector entities, their actions and priorities may be dictated by government policies instead of purely commercial considerations. Additionally, companies with a foreign ownership component operating in China may be required to work within a framework which is different from that imposed on domestic Chinese companies. The Chinese government currently allows foreign investment in certain mining projects under central government guidelines. There can be no assurance that these guidelines will not change in the future.

- Regulatory environment in China

The Company conducts its mining operations in China. The laws of China differ significantly from those of Canada and all such laws are subject to change. Mining is subject to potential risks and liabilities associated with pollution of the environment and disposal of waste products occurring as a result of mineral exploration and production.

Failure to comply with applicable laws and regulations may result in enforcement actions and may also include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws and regulations.

New laws and regulations, amendments to existing laws and regulations, administrative interpretation of existing laws and regulations, or more stringent enforcement of existing laws and regulations could have a material adverse impact on future cash flow, results of operations and the financial condition of the Company.

Substantial uncertainties exist with respect to the interpretation and implementation of the Foreign Investment Law. On March 15, 2019, the PRC National People's Congress approved the Foreign Investment Law, which came into effect on January 1, 2020. The Foreign Investment Law replaced the trio of prior laws regulating foreign investment in China. The Implementation Regulation of the Foreign Investment Law and the Measures for Reporting of Information on Foreign Investment, which also came into effect on January 1, 2020, clarified and elaborated the relevant provisions of the Foreign Investment Law.

The Foreign Investment Law sets out the basic regulatory framework for foreign investments and proposes to implement a system of pre-entry national treatment with a negative list for foreign investments (including certain

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aspects of telecommunications, mining and publication and entertainment), pursuant to which (i) foreign entities and individuals are prohibited from investing in the areas that are not open to foreign investments, (ii) foreign investments in the restricted industries must satisfy certain requirements under the law, and (iii) foreign investments in business sectors outside of the negative list will be treated equally with domestic investments. The Foreign Investment Law also sets forth necessary mechanisms to facilitate, protect and manage foreign investments and proposes to establish a foreign investment information reporting system, through which foreign investors or foreign-invested enterprises are required to submit initial report, report of changes, report of deregistration and annual report relating to their investments to the Ministry of Commerce or its local branches. As the Foreign Investment Law is still relatively new, it is unclear how the regulations will be interpreted and implemented by the relevant governmental authorities.

- Environmental risks

The Company's activities are subject to extensive laws and regulations governing environmental protection and employee health and safety, including environmental laws and regulations in China. These laws address emissions into the air, discharges into water, management of waste, management of hazardous substances, protection of natural resources, antiquities and endangered species, and reclamation of lands disturbed by mining operations.

There are also laws and regulations prescribing reclamation activities on some mining properties. Environmental legislation in many countries, including China, is evolving and the trend has been toward stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and increasing responsibility for companies and their officers, directors and employees. Compliance with environmental laws and regulations may require significant capital outlays on behalf of the Company and may cause material changes or delays in the Company's intended activities. There can be no assurance that the Company has been or will be at all times in complete compliance with current and future environmental and health and safety laws and permits will not materially adversely affect the Company's business, results of operations or financial condition. It is possible that future changes in these laws or regulations could have a significant adverse impact on some portion of the Company's business, causing the Company to re-evaluate those activities at that time. The Company's compliance with environmental laws and regulations entails uncertain cost.

- Risks and hazards of mining operations

Mining is inherently dangerous and the Company's operations are subject to a number of risks and hazards including, without limitation:

- (i) environmental hazards;
- (ii) discharge of pollutants or hazardous chemicals;
- (iii) industrial accidents;
- (iv) failure of processing and mining equipment;
- (v) labour disputes;
- (vi) supply problems and delays;
- (vii) encountering unusual or unexpected geologic formations or other geological or grade problems;
- (viii) encountering unanticipated ground or water conditions;
- (ix) cave-ins, pit wall failures, flooding, rock bursts and fire;
- (x) periodic interruptions due to inclement or hazardous weather conditions;
- (xi) equipment breakdown;
- (xii) other unanticipated difficulties or interruptions in development, construction or production;

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(xiii) other acts of God or unfavourable operating conditions; and

(xiv) health and safety risks associated with spread of COVID-19 pandemic, and any future emergence and spread of similar pathogens.

Such risks could result in damage to, or destruction of, mineral properties or processing facilities, personal injury or death, loss of key employees, environmental damage, delays in mining, monetary losses and possible legal liability. Satisfying such liabilities may be very costly and could have a material adverse effect on the Company's future cash flow, results of operations and financial condition.

- **Cybersecurity Risks**

The Company is subject to cybersecurity risks including unauthorized access to privileged information, destroy data or disable, degrade, or sabotage our systems, including through the introduction of computer viruses. Although we take steps to secure our configurations and manage our information system, including our computer systems, internet sites, emails and other telecommunications, and financial/geological data, there can be no assurance that measures we take to ensure the integrity of our systems will provide protection, especially because cyberattack techniques used change frequently or are not recognized until successful. The Company has not experienced any material cybersecurity incident in the past, but there can be no assurance that the Company would not experience in the future. If our systems are compromised, do not operate properly or are disable, we could suffer financial loss, disruption of business, loss of geology data which could affect our ability to conduct effective mine planning and accurate mineral resources estimates, loss of financial data which could affect our ability to provide accurate and timely financial reporting.

- **General Economic Conditions**

General economic conditions may adversely affect our growth, profitability and ability to obtain financing. Events in global financial markets in the past several years have had a profound impact on the global economy. Many industries, including the silver and gold mining industry, have been and continue to be impacted by these market conditions. Some of the key impacts of the current financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations, high volatility in global equity, commodity, foreign exchange and precious metal markets and a lack of market confidence and liquidity. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates and tax rates, may adversely affect our growth, profitability and ability to obtain financing. A number of issues related to economic conditions could have a material adverse effect on our business, financial condition and results of operations, including:

- (i) significant disruption to the global economic conditions caused by COVID-19 as discussed above;
- (ii) contraction in credit markets could impact the cost and availability of financing and our overall liquidity;
- (iii) the volatility of silver, gold and other metal prices would impact our revenues, profits, losses and cash flow;
- (iv) recessionary pressures could adversely impact demand for our production;
- (v) volatile energy, commodity and consumables prices and currency exchange rates could impact our production costs; and
- (vi) the devaluation and volatility of global stock markets could impact the valuation of our equity and other securities.

17. Disclosure Controls and Procedures

(a) Management's Report on Internal Control over Financial Reporting

Management of the Company is responsible for establishing and maintaining an adequate system of internal control, including internal controls over financial reporting. Internal control over financial reporting is a process designed by and/or under the supervision of the Chief Executive Officer and the Chief Financial Officer and effected by the Board, management and other personnel to provide reasonable assurance regarding the

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reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS as issued by IASB. The Company's internal control over financial reporting includes those policies and procedures that:

- maintaining records, that in reasonable detail, accurately and fairly reflect our transactions and dispositions of the assets of the Company;
- providing reasonable assurance that transactions are recorded as necessary for preparation of our consolidated financial statements in accordance with generally accepted accounting principles;
- providing reasonable assurance that receipts and expenditures are made in accordance with authorizations of management and the directors of the Company; and
- providing reasonable assurance that unauthorized acquisition, use or disposition of company assets that could have a material effect on the Company's consolidated financial statements would be prevented or detected on a timely basis.

The Company's management, including its Chief Executive Officer and Chief Financial Officer, believes that due to its inherent limitations, internal control over financial reporting may not prevent or detect misstatements on a timely basis. In addition, projections of any evaluation of the effectiveness of internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company's management evaluates the effectiveness of the Company's internal control over financial reporting based upon the criteria set forth in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organization of the Treadway Commission. Based on the evaluation, management concluded that the Company's internal control over financial reporting as of September 30, 2021 was effective and provides a reasonable assurance of the reliability of the Company's financial reporting and preparation of the financial statements.

(b) Changes in Internal Control over Financial Reporting

There has been no change in the Company's internal control over financial reporting during the fiscal year ended September 30, 2021 that has materially affected or is reasonably likely to materially affect, its internal control over financial reporting.

18. Directors and Officers

As at the date of this MD&A, the Company's directors and officers are as follows:

<u>Directors</u>	<u>Officers</u>
Dr. Rui Feng, Director, Chairman	Rui Feng, Chief Executive Officer
Yikang Liu, Director	Derek Liu, Chief Financial Officer
Paul Simpson, Director	Yong-Jae Kim, General Counsel & Corporate Secretary
David Kong, Director	Lon Shaver, Vice President
Marina A. Katusa, Director	

Technical Information

Scientific and technical information contained in this MD&A has been reviewed and approved by Mr. Guoliang Ma, P.Geol., Manager of Exploration and Resources of the Company and a Qualified Person as such term is defined in NI 43-101.

Forward Looking Statements

Certain of the statements and information in this MD&A constitute "forward-looking statements" within the meaning of the

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United States Private Securities Litigation Reform Act of 1995 and "forward-looking information" within the meaning of applicable Canadian provincial securities laws. Any statements or information that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects", "is expected", "anticipates", "believes", "plans", "projects", "estimates", "assumes", "intends", "strategies", "targets", "goals", "forecasts", "objectives", "budgets", "schedules", "potential" or variations thereof or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of historical fact and may be forward-looking statements or information. Forward-looking statements or information relate to, among other things:

- the price of silver and other metals;
- estimates of the Company's revenues and capital expenditures;
- estimated ore production and grades from the Company's mines in the Ying Mining District and the GC Mine;
- projected cash operating costs and all-in sustaining costs, and budgets, on a consolidated and mine-by-mine basis;
- statements regarding anticipated exploration, drilling, development, construction, and other activities or achievements of the Company;
- plans, projections and estimates included in the Fiscal 2021 Guidance and the Fiscal 2022 Guidance;
- timing of national security clearance related to acquisition of the Zhonghe Project by the relevant governmental authorities and the Company's expectation that it will enter into the mineral rights transfer contract with respect to the Zhonghe Project; and
- timing of receipt of permits, licenses, and regulatory approvals.

Forward-looking statements or information are subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to differ from those reflected in the forward-looking statements or information, including, without limitation, risks relating to,

- COVID-19;
- fluctuating commodity prices;
- fluctuating currency exchange rates;
- increasing labour cost;
- exploration and development programs;
- feasibility and engineering reports;
- permits and licenses;
- operations and political conditions;
- regulatory environment in China, Mexico and Canada;
- environmental risks;
- mining operations;
- cybersecurity;
- general economic conditions; and
- matters referred to in this MD&A under the heading "Risks and Uncertainties" and other public filings of the Company.

This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements or information. Forward-looking statements or information are statements about the future and are inherently uncertain, and actual achievements of the Company or other future events or conditions may differ materially from those expressed or implied in the forward-looking statements or information. Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated, described or intended. Accordingly, readers should not place undue reliance on forward-looking statements or information.

The Company's forward-looking statements and information are necessarily based on a number of estimates, assumptions,

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beliefs, expectations and opinions of management as of the date of this MD&A that, while considered reasonable by management of the Company, are inherently subject to significant business, economic and competitive uncertainties and contingencies. These estimates, assumptions, beliefs, expectations and options include, but are not limited to, those related to the Company's ability to carry on current and future operations, including: the duration and effects of COVID-19 on our operations and workforce; development and exploration activities; the timing, extent, duration and economic viability of such operations; the accuracy and reliability of estimates, projections, forecasts, studies and assessments; the Company's ability to meet or achieve estimates, projections and forecasts; the availability and cost of inputs; the price and market for outputs; foreign exchange rates; taxation levels; the timely receipt of necessary approvals, licenses or permits; the ability to meet current and future obligations; the ability to obtain timely financing on reasonable terms when required; the current and future social, economic and political conditions; and other assumptions and factors generally associated with the mining industry.

Other than as required by applicable securities laws, the Company does not assume any obligation to update forward-looking statements and information if circumstances or management's assumptions, beliefs, expectations or opinions should change, or changes in any other events affecting such statements or information. For the reasons set forth above, investors should not place undue reliance on forward-looking statements and information.