



## **SILVERCORP METALS INC.**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**For the Three Months Ended June 30, 2023**

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

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# SILVERCORP METALS INC.

## Management's Discussion and Analysis

### For the Three Months Ended June 30, 2023

(Tabular amounts are expressed in thousands of U.S. dollars, except share, per share cost and production data or otherwise stated)

*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 months ended June 30, 2023 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, 2023, the related MD&A, the Annual Information Form (available on SEDAR at [www.sedarplus.ca](http://www.sedarplus.ca)), and the annual report on Form 40-F (available on EDGAR at [www.sec.gov](http://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 months ended June 30, 2023, as well as Note 2 to the audited consolidated financial statements for the year ended March 31, 2023. 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 August 9, 2023 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 Canadian mining company producing silver, gold, lead, zinc, and other metals with long history of profitability and growth potential. The Company's strategy is to create shareholder value by focusing on generating free cashflow from long life mines; organic growth through extensive drilling for discovery; ongoing merger and acquisition efforts to unlock value; and long-term commitment to responsible mining and sound Environmental, Social and Governance ("ESG") practices. 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. First Quarter of Fiscal Year 2024 Highlights

- Mined 303,220 tonnes of ore, milled 295,095 tonnes of ore, and produced approximately 1.8 million ounces of silver, 1,552 ounces of gold, or approximately 1.9 million ounces of silver equivalent<sup>1</sup>, plus 17.8 million pounds of lead, and 6.8 million pounds of zinc;
- Sold approximately 1.8 million ounces of silver, 1,495 ounces of gold, 17.3 million pounds of lead, and 6.9 million pounds of zinc, for revenue of \$60.0 million;
- Reported net income attributable to equity shareholders of \$9.2 million, or \$0.05 per share;
- Realized adjusted earnings<sup>1</sup> attributable to equity shareholders of \$12.4 million, or \$0.07 per share;
- Generated cash flow from operating activities of \$28.9 million;
- Cash cost per ounce of silver<sup>1</sup>, net of by-product credits, of negative \$0.31;
- All-in sustaining cost per ounce of silver<sup>1</sup>, net of by-product credits, of \$9.46;
- Paid \$2.2 million of dividends to the Company's shareholders;

<sup>1</sup> Non-IFRS measures, please refer to section 11 for reconciliation.

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- Spent and capitalized \$1.7 million on exploration drilling, \$10.8 million on underground development, and \$3.5 million on equipment and facilities, including \$2.4 million on construction of the new tailings storage facility; and
- Strong balance sheet with \$200.6 million in cash and cash equivalents and short-term investments. The Company holds a further equity investment portfolio in associates and other companies with a total market value of \$121.5 million as at June 30, 2023.

### 3. Operating Performance

#### (a) Consolidated operating performance

The following table summarizes consolidated operational information for the three months ended June 30, 2023 and 2022:

Consolidated	Three months ended June 30,		
	2023	2022	Changes
<b>Production Data</b>			
Ore Mined (tonne)	303,220	300,104	1%
Ore Milled (tonne)	295,095	298,176	-1%
<b>Average Head Grades</b>			
Silver (grams/tonne)	203	210	-3%
Lead (%)	3.0	3.1	-5%
Zinc (%)	1.3	1.4	-8%
<b>Average Recovery Rates</b>			
Silver (%)	93.7	94.5	-1%
Lead (%)	94.8	94.7	0%
Zinc (%)	82.6	78.1	6%
<b>Metal Production</b>			
Gold (ounces)	1,552	1,100	41%
Silver (in thousands of ounces)	1,780	1,860	-4%
Lead (in thousands of pounds)	17,816	19,088	-7%
Zinc (in thousands of pounds)	6,821	6,926	-2%
<b>Cost Data*</b>			
Mining costs (\$/tonne)	63.74	67.96	-6%
Milling costs (\$/tonne)	12.56	12.32	2%
Production costs (\$/tonne)	78.63	82.99	-5%
All-in sustaining production costs (\$/tonne)	134.08	147.29	-9%
Cash cost per ounce of silver, net of by-product credits (\$)	(0.31)	(1.57)	80%
All-in sustaining cost per ounce of silver, net of by-product credits (\$)	9.46	9.25	2%

\*Alternative performance (Non-IFRS) measure. Please refer to section 11 for reconciliation.

#### (i) Mine and Mill Production

For the three months ended June 30, 2023 ("Q1 Fiscal 2024"), the Company mined 303,220 tonnes of ore, up 1% compared to 300,104 tonnes in the three months ended June 30, 2022 ("Q1 Fiscal 2023"). Ore milled in Q1 Fiscal 2024 was 295,095 tonnes, down 1% compared to 298,176 tonnes in Q1 Fiscal 2023.

# SILVERCORP METALS INC.

## Management's Discussion and Analysis For the Three Months Ended June 30, 2023

(Tabular amounts are expressed in thousands of U.S. dollars, except share, per share cost and production data or otherwise stated)

### (ii) Metal Production

In Q1 Fiscal 2024, the Company produced approximately 1.8 million ounces of silver, 1,552 ounces of gold, 17.8 million pounds of lead, and 6.8 million pounds of zinc, representing an increase of 41% in gold production, and decreases of 4%, 7% and 2%, respectively, in silver, lead and zinc production over Q1 Fiscal 2023. The lower silver and lead production is primarily due to a decrease in head grades at the Ying Mining District in line with the mining sequence and Mineral Reserves.

### (iii) Per Tonne Costs<sup>1</sup>

In Q1 Fiscal 2024, the consolidated mining costs were \$63.74 per tonne, down 6% compared to \$67.96 per tonne in Q1 Fiscal 2023. The consolidated milling costs were \$12.56, up 2% compared to \$12.32 per tonne in Q1 Fiscal 2023.

The consolidated production costs and all-in sustaining production costs per tonne of ore processed in Q1 Fiscal 2024 were \$78.63 and \$134.08, down 5% and 9%, respectively, compared to \$82.99 and \$147.29 in Q1 Fiscal 2023. The decrease in per tonne costs was mainly due to a translation impact arising from the depreciation of the Chinese yuan against the US dollar and a decrease of \$2.7 million in sustaining capital expenditures.

### Costs per Ounce of Silver, Net of By-Product Credits<sup>1</sup>

In Q1 Fiscal 2024, the consolidated cash cost per ounce of silver, net of by-product credits, was negative \$0.31, compared to negative \$1.57 in the prior year quarter. The increase was mainly due to a decrease of \$4.3 million in by-product credits, offset by a decrease of \$1.8 million in expensed production costs.

The consolidated all-in sustaining cost per ounce of silver, net of by-product credits, was \$9.46 compared to \$9.25 in Q1 Fiscal 2023. The increase was mainly due to the increase in cash cost per ounce of silver offset by a decrease of \$2.7 million in sustaining capital expenditures.

### (iv) Exploration and Development

The following table summarized the development work and capital expenditures in Q1 Fiscal 2024.

	Capitalized Development and Expenditures									Expensed	
	Ramp Development		Exploration and Development Tunnels		Drilling		Plant & equipment	Total		Mining Preparation Tunnels	Drilling
	(Metres)	(\$ Thousand)	(Metres)	(\$ Thousand)	(Metres)	(\$ Thousand)	(\$ Thousand)	(Metres)	(\$ Thousand)	(Metres)	(Metres)
<b>Q1 Fiscal 2024</b>											
Ying Mining District	3,053	\$ 2,262	19,403	\$ 7,201	32,839	\$ 1,151	\$ 3,430	22,456	\$ 14,044	8,443	25,937
GC Mine	-	-	3,813	1,294	7,926	518	-	3,813	1,812	3,055	17,897
Corporate and other	-	-	-	-	-	51	9	-	60	-	-
<b>Consolidated</b>	<b>3,053</b>	<b>\$ 2,262</b>	<b>23,216</b>	<b>\$ 8,495</b>	<b>40,765</b>	<b>\$ 1,720</b>	<b>\$ 3,439</b>	<b>26,269</b>	<b>\$ 15,916</b>	<b>11,498</b>	<b>43,834</b>
<b>Q1 Fiscal 2023</b>											
Ying Mining District	1,949	\$ 1,394	19,469	\$ 7,153	49,315	\$ 2,664	\$ 2,470	21,418	\$ 13,681	9,317	51,733
GC Mine	-	-	3,540	1,157	4,634	178	232	3,540	1,567	2,365	15,266
Corporate and other	-	-	-	-	1,982	287	(7)	-	280	-	-
<b>Consolidated</b>	<b>1,949</b>	<b>\$ 1,394</b>	<b>23,009</b>	<b>\$ 8,310</b>	<b>55,931</b>	<b>\$ 3,129</b>	<b>\$ 2,695</b>	<b>\$ 24,958</b>	<b>\$ 15,528</b>	<b>11,682</b>	<b>66,999</b>
<b>Changes (%)</b>											
Ying Mining District	57%	62%	0%	1%	-33%	-57%	39%	5%	3%	-9%	-50%
GC Mine	0%	0%	8%	12%	71%	191%	-100%	8%	16%	29%	17%
Corporate and other	-	-	-	-	-100%	-82%	-229%	0%	-79%	-	-
<b>Consolidated</b>	<b>57%</b>	<b>62%</b>	<b>1%</b>	<b>2%</b>	<b>-27%</b>	<b>-45%</b>	<b>28%</b>	<b>5%</b>	<b>2%</b>	<b>-2%</b>	<b>-35%</b>

Total capital expenditures in Q1 Fiscal 2024 were \$15.9 million, up 2% compared to \$15.5 million in Q1 Fiscal 2023. In Q1 Fiscal 2024, on a consolidated basis, a total of 84,599 metres or \$2.7 million worth of diamond drilling were completed (Q1 Fiscal 2023 – 122,930 metres or \$4.9 million), of which approximately 43,834 metres or \$1.0 million worth of underground drilling were expensed as part of mining costs (Q1 Fiscal 2023 – 66,999 metres or \$1.8 million) and approximately 40,765 metres or \$1.7 million worth of drilling were capitalized (Q1 Fiscal 2023 – 55,931 metres or \$3.1 million). In addition, approximately 11,498 metres or \$4.0 million worth of preparation tunnelling were completed and expensed as part of mining costs (Q1 Fiscal 2023 – 11,682 metres or \$4.1 million), and approximately 26,269 metres or \$10.8 million worth of tunnels, raises, ramps and declines were completed

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

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and capitalized (Q1 Fiscal 2023 – 24,958 metres or \$9.7 million).

### (b) Individual Mine Performance

#### (i) Ying Mining District

The following table summarize the operational information at the Ying Mining District for the three months ended June 30, 2023 and 2022. 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 June 30,		
	2023	2022	Changes
<b>Production Data</b>			
Ore Mined (tonne)	213,748	214,038	0%
Ore Milled (tonne)	208,809	212,055	-2%
<b>Average Head Grades</b>			
Silver (grams/tonne)	254	267	-5%
Lead (%)	3.6	3.9	-7%
Zinc (%)	0.7	0.7	-7%
<b>Average Recovery Rates</b>			
Silver (%)	95.1	95.7	-1%
Lead (%)	95.5	95.4	0%
Zinc (%)	69.6	58.1	20%
<b>Metal Production</b>			
Gold (ounces)	1,552	1,100	41%
Silver (in thousands of ounces)	1,597	1,696	-6%
Lead (in thousands of pounds)	15,382	16,718	-8%
Zinc (in thousands of pounds)	2,113	1,928	10%
<b>Cost Data*</b>			
Mining costs (\$/tonne)	71.17	78.32	-9%
Milling costs (\$/tonne)	11.13	10.95	2%
Production costs (\$/tonne)	85.58	93.04	-8%
All-in sustaining production costs (\$/tonne)	133.94	156.07	-14%
Cash cost per ounce of silver, net of by-product credits (\$)	0.26	0.28	-7%
All-in sustaining cost per ounce of silver, net of by-product credits (\$)	7.14	8.60	-17%

\*Alternative performance (Non-IFRS) measure. Please refer to section 11 for reconciliation.

In Q1 Fiscal 2024, ore mined at the Ying Mining District was 213,748 tonnes, effectively the same compared to 214,038 tonnes in Q1 Fiscal 2023. Ore milled was 208,809 tonnes, down 2% compared to 212,055 tonnes in Q1 Fiscal 2023.

Average head grades of ore processed were 254 g/t for silver, 3.6% for lead, and 0.7% for zinc compared to 267 g/t for silver, 3.9% for lead, and 0.7% for zinc in Q1 Fiscal 2023. Lower silver and lead head grades were in line with the mining sequence and Mineral Reserves at the Ying Mining District.

Metals produced at the Ying Mining District were approximately 1.6 million ounces of silver, 1,552 ounces of gold, 15.4 million pounds of lead, and 2.1 million pounds of zinc, representing increases of 41% and 10%, respectively in gold and zinc production, and decreases of 6% and 8%, respectively, in silver and lead production, compared

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to 1.7 million ounces of silver, 1,100 ounces of gold, 16.7 million pounds of lead, and 1.9 million pounds of zinc in Q1 Fiscal 2023.

In Q1 Fiscal 2024, the mining costs at the Ying Mining District were \$71.17 per tonne, down 9% compared to \$78.32 in Q1 Fiscal 2023, while the milling costs were \$11.13 per tonne, up 2% compared to \$10.95 in Q1 Fiscal 2023.

The production costs per tonne of ore processed were \$85.58, down 8% compared to \$93.04 in Q1 Fiscal 2023. The all-in sustaining cost per tonne of ore processed was \$133.94, down 14% compared to \$156.07 in Q1 Fiscal 2023. The decrease was mainly due to a 6% depreciation of the Chinese yuan against the US dollar and a decrease of \$3.2 million in sustaining capital expenditures.

In Q1 Fiscal 2024, the cash costs per ounce of silver, net of by-product credits, at the Ying Mining District were \$0.26, down 7% compared to \$0.28 in Q1 Fiscal 2023. The decrease was primarily due to a decrease of \$2.5 million in expensed production costs offset by a decrease of \$2.4 million in by-product credits.

The all-in sustaining costs per ounce of silver, net of by-product credits were \$7.14, down 17% compared to \$8.60 in Q1 Fiscal 2023. The decrease was mainly due to the decrease in the cash cost per ounce of silver and a decrease of \$3.2 million in sustaining capital expenditures.

Capital expenditures incurred at the Ying Mining District in Q1 Fiscal 2024 were \$14.0 million, up 3% compared to \$13.7 million in Q1 Fiscal 2023. Capital expenditures incurred to construct the new tailing storage facility ("TSF") in Q1 Fiscal 2024 were \$2.4 million (Q1 Fiscal 2023 - \$1.2 million). As of June 30, 2023, total expenditures incurred on the construction of the TSF and the new mill were \$7.2 million, and the construction is in line with the planned schedule and budget.

In Q1 Fiscal 2024, a total of 58,776 metres or \$1.8 million worth of diamond drilling were completed (Q1 Fiscal 2023 – 101,048 metres or \$4.0 million), of which approximately 25,937 metres or \$0.7 million worth of underground drilling were expensed as part of mining costs (Q1 Fiscal 2023 – 51,733 metres or \$1.3 million) and approximately 32,839 metres or \$1.2 million worth of drilling were capitalized (Q1 Fiscal 2023 – 49,315 metres or \$2.7 million). In addition, approximately 8,443 metres or \$3.2 million worth of preparation tunnelling were completed and expensed as part of mining costs (Q1 Fiscal 2023 – 9,317 metres or \$3.4 million), and approximately 22,456 metres or \$9.5 million worth of horizontal tunnels, raises, ramps, and declines were completed and capitalized (Q1 Fiscal 2023 – 21,418 metres or \$8.5 million).

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### (ii) GC Mine

The following table summarizes the operational information at the GC Mine for the three months ended June 30, 2023 and 2022:

GC Mine	Three months ended June 30,		
	2023	2022	Changes
<b>Production Data</b>			
Ore Mined (tonne)	89,472	86,066	4%
Ore Milled (tonne)	86,286	86,121	0%
<b>Average Head Grades</b>			
Silver (grams/tonne)	80	71	12%
Lead (%)	1.4	1.4	1%
Zinc (%)	2.7	2.9	-6%
<b>Average Recovery Rates</b>			
Silver (%) **	82.7	83.4	-1%
Lead (%)	90.7	89.8	1%
Zinc (%)	90.4	90.4	0%
<b>Metal Production</b>			
Silver (in thousands of ounces)	183	164	12%
Lead (in thousands of pounds)	2,434	2,370	3%
Zinc (in thousands of pounds)	4,708	4,998	-6%
<b>Cost Data*</b>			
Mining costs (\$/tonne)	45.99	42.21	9%
Milling costs (\$/tonne)	16.03	15.71	2%
Production costs (\$/tonne)	62.02	57.92	7%
All-in sustaining production costs (\$/tonne)	90.94	81.68	11%
Cash cost per ounce of silver, net of by-product credits (\$)	(5.30)	(22.42)	76%
All-in sustaining cost per ounce of silver, net of by-product credits (\$)	9.51	(7.48)	227%

\*Alternative performance (Non-IFRS) measure. Please refer to section 11 for reconciliation.

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

In Q1 Fiscal 2024, a total of 89,472 tonnes of ore were mined and 86,286 tonnes were milled at the GC Mine, up 4% and 0%, respectively, compared to 86,066 tonnes mined and 86,121 tonnes milled in Q1 Fiscal 2023. The XRT Ore Sorting System was in trial run and a total of 4,362 tonnes of waste was removed in Q1 Fiscal 2024.

Average head grades of ore milled were 80 g/t for silver, 1.4% for lead, and 2.7% for zinc compared to 71 g/t for silver, 1.4% for lead, and 2.9% for zinc in Q1 Fiscal 2023.

Metals produced were approximately 183 thousand ounces of silver, 2.4 million pounds of lead, and 4.7 million pounds of zinc, up 12% and 3%, respectively, in silver and lead production, and down 6% in zinc production, compared to 164 thousand ounces of silver, 2.4 million pounds of lead, and 5.0 million pounds of zinc produced in Q1 Fiscal 2023.

The mining costs at the GC Mine were \$45.99 per tonne, up 9% compared to \$42.21 per tonne in Q1 Fiscal 2023, and the milling costs were \$16.03 per tonne, up 2% compared to \$15.71 in Q1 Fiscal 2023. The production cost per tonne was \$62.02, up 7% compared to \$57.92 in Q1 Fiscal 2023. The all-in sustaining production cost per tonne of ore processed was \$90.94, up 11%, compared to \$81.68 in Q1 Fiscal 2023. The increase was primarily



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due to i) more tunneling was completed and expensed, ii) additional costs to run the XRT Ore Sorting System, and offset by iii) the translation impact arising from the depreciation of the Chinese yuan against the US dollar.

The cash costs per ounce of silver, net of by-product credits, at the GC Mine, in Q1 Fiscal 2024, were negative \$5.30, compared to negative \$22.42 in Q1 Fiscal 2023. The increase was mainly due to the increase in per tonne production costs as discussed above and a decrease of \$1.9 million or \$18.44 per ounces of silver in by product credits. The all-in sustaining costs per ounce of silver, net of by-product credits were \$9.51, compared to negative \$7.48 in Q1 Fiscal 2023. The increase was mainly due to the increase in the cash costs per ounce of silver and an increase of \$0.4 million in sustaining capital expenditures.

Capital expenditures incurred at the GC Mine in Q1 Fiscal 2024 were \$1.8 million, up 16% compared to \$1.6 million in Q1 Fiscal 2023. In Q1 Fiscal 2024, approximately 25,823 metres or \$0.9 million worth of diamond drilling were completed (Q1 Fiscal 2023 – 19,900 metres or \$0.7 million), of which approximately 17,897 metres or \$0.4 million worth of underground drilling were expensed as part of mining costs (Q1 Fiscal 2023 – 15,266 metres or \$0.5 million) and approximately 7,926 metres or \$0.5 million of drilling were capitalized (Q1 Fiscal 2023 – 4,634 metres or \$0.2 million). In addition, approximately 3,055 metres or \$0.8 million of tunnelling were completed and expensed as part of mining costs (Q1 Fiscal 2023 – 2,365 metres or \$0.6 million), and approximately 3,813 metres or \$1.3 million of horizontal tunnels, raises, and declines were completed and capitalized (Q1 Fiscal 2023 – 3,540 metres or \$1.2 million).

#### *(iii) Kuanping Project*

In Q1 Fiscal 2024, the Company carried out studies on environmental, water, and soil assessments. The Company expects that these study reports will be completed and submitted to the relevant provincial government authorities for review in the second quarter of Fiscal 2024.

#### *(iv) 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.

#### *(v) La Yesca Project*

The La Yesca Project was placed on hold and no further exploration activities are planned.

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### (c) Annual Operating Outlook

All references to Fiscal 2024 Guidance in this MD&A refer to the "Fiscal 2024 Operating Outlook" section in the Company's Fiscal 2023 Annual MD&A dated May 24, 2023 ("Fiscal 2024 Guidance") filed under the Company's SEDAR profile at [www.sedarplus.com](http://www.sedarplus.com).

#### (i) Production and Production Costs

The following table summarizes the Q1 Fiscal 2024 production and production costs achieved compared to the respective Fiscal 2024 Guidance:

	Ore processed (tonnes)	Head grades				Metal production				Production costs	
		Gold (g/t)	Silver (g/t)	Lead (%)	Zinc (%)	Gold (oz)	Silver (Koz)	Lead (Klbs)	Zinc (Klbs)	Cash cost (\$/t)	AISC (\$/t)
Q1 Fiscal 2024 Results											
Ying Mining District	208,809	0.1	254	3.6	0.7	1,552	1,597	15,382	2,113	85.58	133.94
GC Mine	86,286	-	80	1.4	2.7	-	183	2,434	4,708	62.02	90.94
Consolidated	295,095	0.1	203	3.0	1.3	1,552	1,780	17,816	6,821	78.63	134.08
Fiscal 2024 Guidance											
Ying Mining District	770,000-810,000	0.2	267	3.9	0.8	4,400 - 5,500	6,180-6,500	62,950-65,630	9,120-9,520	90.4-92.6	143.8-148.8
GC Mine	330,000-360,000	-	75	1.2	2.9	0-0	620-670	7,530-8,180	18,530-20,140	50.3-52.3	79.6-84.2
Consolidated	1,100,000-1,170,000	0.1	208	3.1	1.4	4,400 - 5,500	6,800-7,170	70,480-73,810	27,650-29,660	78.2-80.5	136.4-142.4
% of Fiscal 2024 Guidance*											
Ying Mining District	26%	70%	95%	92%	89%	31%	25%	24%	23%	94%	92%
GC Mine	25%	0%	107%	118%	96%	0%	28%	31%	24%	121%	111%
Consolidated	26%	72%	98%	96%	91%	31%	25%	25%	24%	99%	96%

\*Percentage calculated based on a mid-point of the related Fiscal 2024 Guidance

#### (ii) Development and Capital Expenditures

The following table summarizes the Q1 Fiscal 2024 development work and capitalized expenditures compared to the respective Fiscal 2024 Guidance.

	Capitalized Development and Expenditures								Expensed	
	Ramp Development		Exploration and Development Tunnels		Drilling		Equipment & Mill and TSF		Mining Preparation Tunnels	Drilling
	(Metres)	(\$ Thousand)	(Metres)	(\$ Thousand)	(Metres)	(\$ Thousand)	(\$ Thousand)	(\$ Thousand)	(Metres)	(Metres)
<b>Fiscal 2024 Q1 Actual Results</b>										
Ying Mining District	3,053	\$ 2,262	19,403	\$ 7,201	32,839	\$ 1,151	3,430	\$ 14,044	8,443	25,937
GC Mine	-	-	3,813	1,294	7,926	518	-	1,812	3,055	17,897
Corporate and other	-	-	-	-	-	51	9	60	-	-
<b>Consolidated</b>	<b>3,053</b>	<b>\$ 2,262</b>	<b>23,216</b>	<b>\$ 8,495</b>	<b>40,765</b>	<b>\$ 1,720</b>	<b>\$ 3,439</b>	<b>\$ 15,916</b>	<b>11,498</b>	<b>43,834</b>
<b>Fiscal 2024 Guidance</b>										
Ying Mining District	8,800	6,300	57,200	23,900	146,400	4,200	21,800	56,200	25,800	71,400
GC Mine	-	-	14,700	6,400	30,200	800	700	7,900	5,300	24,800
Corporate and other	-	-	-	-	-	-	600	600	-	-
<b>Consolidated</b>	<b>8,800</b>	<b>\$ 6,300</b>	<b>71,900</b>	<b>\$ 30,300</b>	<b>176,600</b>	<b>\$ 5,000</b>	<b>\$ 23,100</b>	<b>\$ 64,700</b>	<b>31,100</b>	<b>96,200</b>
<b>Percentage of Fiscal 2024 Guidance</b>										
Ying Mining District	35%	36%	34%	30%	22%	27%	16%	25%	33%	36%
GC Mine	-	-	26%	20%	26%	65%	0%	23%	58%	72%
Corporate and other	-	-	-	-	0%	0%	2%	10%	-	-
<b>Consolidated</b>	<b>35%</b>	<b>36%</b>	<b>32%</b>	<b>28%</b>	<b>23%</b>	<b>34%</b>	<b>15%</b>	<b>25%</b>	<b>37%</b>	<b>46%</b>

\* Capitalized drilling includes surface diamond drilling and some underground drilling which was believed to be for the purpose of defining additional mineral reserves.

#### (d) Update on the Proposed Transactions with Celsius

On May 15, 2023, the Company announced that it has signed a non-binding term sheet (the "Term Sheet") with Celsius Resources Limited ("Celsius"), a company publicly listed on the Australian Securities Exchange ("ASX") and the London Stock Exchange Alternative Investment Market ("AIM") under the symbol "CLA", regarding a proposed transaction (the "Proposed Transaction") pursuant to which the Company will acquire all of the issued and outstanding shares of Celsius. Celsius owns the advanced-stage Maalinao-Caigutan-Biyog copper-gold project ("MCB Project") in the Philippines, which is located in the Cordillera Administrative Region of the Philippines, approximately 320 km north of Manila. The major terms of the Proposed Transaction are:

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- The Company has offered to acquire all of the outstanding shares of Celsius from the shareholders of Celsius, at a fixed price of AUD\$0.030 per share, in exchange for consideration comprising 90% the Company's shares and 10% in cash. The Company's share price will be determined based on the volume weighted average trading price ("VWAP") on the NYSE for the 20 business days ending on the scheme record date.
- The consideration of AUD\$0.030 per share represents a 76% premium to the 20-day VWAP of Celsius as of the close of trading on the ASX on May 11, 2023. The total consideration is approximately AUD\$56 million.
- Celsius and the Company have also executed a private placement subscription agreement at AUD\$0.015 per Celsius share for a total of AUD\$5 million. This will provide interim funding for further development of Celsius' MCB Project. The private placement was closed on May 16, 2023. Upon closing of the private placement, the Company owns 15.1% of the outstanding shares of Celsius.
- In addition to the consideration, Celsius shareholders will receive shares in a new exploration company ("Spinco") which will hold all of Celsius' rights and interests with respect to the Sagay (Philippines) and Opuwo (Namibia) projects. The Spinco shares will be distributed on 10 Celsius shares for 1 Spinco share basis. Spinco will seek a listing on the ASX or AIM via a demerger and concurrent initial public offering. Silvercorp has agreed to invest AUD\$4 million in Spinco, valued at a post-financed market capitalization of AUD\$30 million.
- The Proposed Transaction will be implemented by way of a Scheme of Arrangement ("Arrangement") or other appropriate form of transaction under Australian laws, under a definitive agreement ("Definitive Agreement") to be negotiated and entered into by the Company and Celsius. The final structure of the Proposed Transaction will be governed by the terms of the Definitive Agreement. The Term Sheet does not create a binding agreement with Celsius for the Proposed Transaction, and there is no assurance that Silvercorp and Celsius will reach agreement on the terms of the Definitive Agreement as set out in the Term Sheet, or at all. If the Proposed Transaction is not completed, the Company will have the right to maintain its percentage interest in Celsius pursuant to the placement agreement. In addition to entering into the Definitive Agreement, completion of the Proposed Transaction is subject to, among other conditions, satisfactory completion of due diligence, voting support of key Celsius shareholders, Celsius shareholder approval, and regulatory approvals.

The exclusivity period entered into between the Company and Celsius expired effectively July 31, 2023, and the Company and Celsius have not agreed on the terms of a Definitive Agreement in line with those contained in the Term Sheet and currently no negotiation is on going.

#### 4. 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 two common officers, and the Company accounts for its investment in NUAG using the equity method as it is able to exercise significant influence over the financial and operating policies of NUAG.

As at June 30, 2023, the Company owned 44,351,616 common shares of NUAG (March 31, 2023 – 44,351,616), representing an ownership interest of 28.1% (March 31, 2023 – 28.2%).

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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, 2022	44,042,216	\$	49,437	\$ 140,275
Purchase from open market	309,400		874	
Share of net loss			(2,411)	
Share of other comprehensive loss			(894)	
Foreign exchange impact			(3,753)	
Balance, March 31, 2023	44,351,616	\$	43,253	\$ 119,621
Share of net loss			(524)	
Share of other comprehensive loss			71	
Foreign exchange impact			952	
<b>Balance, June 30, 2023</b>	<b>44,351,616</b>	<b>\$</b>	<b>43,752</b>	<b>\$ 96,140</b>

#### (b) Investment in Tincorp Metals Inc. ("TIN")

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

On December 15, 2022, the Company participated in a non-brokered private placement of TIN and purchased 4,000,000 units at a cost of \$1.2 million. Each unit was comprised of one TIN common share and one-half common share purchase warrant at exercise price of CAD\$0.65 per share. The common share purchase warrant expires on December 15, 2024.

As at June 30, 2023, the Company owned 19,514,285 common shares of TIN (March 31, 2023 – 19,514,285), representing an ownership interest of 29.3% (March 31, 2023 – 29.3%).

The table below summarize the investment in TIN common shares and its market value as at the respective reporting dates. The market value deficiency is considered to be short term and is not identified as an impairment indicator.

	Number of shares		Amount	Value of TIN's common shares per quoted market price
Balance, April 1, 2022	15,514,285	\$	7,404	\$ 6,208
Participation in private placement	4,000,000		1,181	
Dilution loss			(107)	
Share of net loss			(490)	
Share of other comprehensive income			8	
Foreign exchange impact			(554)	
Balance, March 31, 2023	19,514,285	\$	7,442	\$ 6,777
Share of net loss			(116)	
Share of other comprehensive income			(16)	
Foreign exchange impact			163	
<b>Balance, June 30, 2023</b>	<b>19,514,285</b>	<b>\$</b>	<b>7,473</b>	<b>\$ 4,864</b>

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#### 5. Overview of Financial Results

##### (a) Selected Annual and Quarterly Information

The following tables set out selected quarterly results for the past nine 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. The results for the quarters ended March 31 are normally affected by the extended Chinese New Year holiday.

Fiscal 2024 (In thousands of USD, other than per share amounts)	Quarter Ended		Quarter ended
	Jun 30, 2023		Jun 30, 2023
Revenue	\$	60,006	\$ 60,006
Cost of mine operations		36,705	36,705
<b>Income from mine operations</b>		23,301	<b>23,301</b>
Corporate general and administrative expenses		3,650	3,650
Foreign exchange loss		2,227	2,227
Share of loss in associates		640	640
Gain on investments		(1,086)	(1,086)
Other items		(130)	(130)
<b>Income from operations</b>		18,000	<b>18,000</b>
Finance items		(1,434)	(1,434)
Income tax expenses		6,221	6,221
<b>Net income</b>		13,213	<b>13,213</b>
<b>Net income (loss) attributable to equity holders of the Company</b>		9,217	<b>9,217</b>
Basic earnings (loss) per share		0.05	0.05
Diluted earnings (loss) per share		0.05	0.05
Cash dividend declared		2,214	2,214
Cash dividend declared per share		0.0125	0.013
<b>Other financial information</b>			
Total assets			665,019
Total liabilities			98,542
Total attributable shareholders' equity			482,927

Fiscal 2023 (In thousands of USD, other than per share amounts)	Quarter Ended				Year Ended
	Jun 30, 2022	Sep 30, 2022	Dec 31, 2022	Mar 31, 2023	Mar 31, 2023
Revenue	\$ 63,592	\$ 51,739	\$ 58,651	\$ 34,147	\$ 208,129
Cost of mine operations	38,690	37,378	36,907	24,371	137,346
<b>Income from mine operations</b>	24,902	14,361	21,744	9,776	<b>70,783</b>
Corporate general and administrative expenses	3,557	3,476	3,171	3,045	13,249
Foreign exchange loss (gain)	(1,656)	(4,340)	850	304	(4,842)
Share of loss in associates	728	771	677	725	2,901
Dilution gain on investment in associate				107	107
Loss (gain) on equity investments	2,671	1,596	(3,010)	1,061	2,318
Impairment charges against mineral rights and properties	-	20,211	-	-	20,211
Other items	231	61	2,791	9	3,092
<b>Income from operations</b>	19,371	(7,414)	17,265	4,525	<b>33,747</b>
Finance items	(800)	(1,023)	69	358	(1,396)
Income tax expenses	6,087	3,811	2,259	1,886	14,043
<b>Net income</b>	14,084	(10,202)	14,937	2,281	<b>21,100</b>
<b>Net income (loss) attributable to equity holders of the Company</b>	10,169	(1,712)	11,916	235	<b>20,608</b>
Basic earnings (loss) per share	0.06	(0.01)	0.07	0.00	0.12
Diluted earnings (loss) per share	0.06	(0.01)	0.07	0.00	0.12
Cash dividend declared	2,216	-	2,209	-	4,425
Cash dividend declared per share	0.0125	-	0.0125	-	0.025
<b>Other financial information</b>					
Total assets					676,799
Total liabilities					96,968
Total attributable shareholders' equity					489,053

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Fiscal 2022 (In thousands of USD, other than per share amounts)	Quarter Ended				Year Ended
	Jun 30, 2021	Sep 30, 2021	Dec 31, 2021	Mar 31, 2022	Mar 31, 2022
Revenue	\$ 58,819	\$ 58,435	\$ 59,079	\$ 41,590	\$ 217,923
Cost of mine operations	33,315	34,823	37,603	27,881	133,622
<b>Income from mine operations</b>	<b>25,504</b>	<b>23,612</b>	<b>21,476</b>	<b>13,709</b>	<b>84,301</b>
Corporate general and administrative expenses	3,838	3,749	3,310	3,284	14,181
Foreign exchange loss (gain)	450	(2,063)	(1,813)	3,159	(267)
Share of loss in associates	396	469	403	920	2,188
Loss (gain) on equity investments	722	3,365	(1,101)	499	3,485
Other items	314	460	1,481	(106)	2,149
<b>Income from operations</b>	<b>19,784</b>	<b>17,632</b>	<b>19,196</b>	<b>5,953</b>	<b>62,565</b>
Finance items	(1,265)	(481)	8,171	(932)	5,493
Income tax expenses (recovery)	4,817	5,355	3,093	523	13,788
<b>Net income</b>	<b>16,232</b>	<b>12,758</b>	<b>7,932</b>	<b>6,362</b>	<b>43,284</b>
<b>Net income attributable to equity holders of the Company</b>	<b>12,212</b>	<b>9,393</b>	<b>5,063</b>	<b>3,966</b>	<b>30,634</b>
Basic earnings per share	0.07	0.05	0.03	0.02	0.17
Diluted earnings per share	0.07	0.05	0.03	0.05	0.20
Cash dividend declared	2,202	-	2,211	-	4,413
Cash dividend declared per share	0.0125	-	0.0125	-	0.025
<b>Other financial information</b>					
Total assets					723,538
Total liabilities					103,424
Total attributable shareholders' equity					512,396

### (b) Overview of Q1 Fiscal 2024 Financial Results

**Net income attributable to equity shareholders of the Company** in Q1 Fiscal 2024 was \$9.2 million or \$0.05 per share, compared to \$10.2 million or \$0.06 per share in Q1 Fiscal 2023.

In Q1 Fiscal 2024, the Company's consolidated financial results were mainly impacted by i) an increase of 36% in gold sold; ii) increases of 6% and 8%, respectively, in the realized selling prices for gold and silver; iii) a gain of \$1.1 million on investments; iv) a decrease of 5% in per tonne production costs; offset by v) decreases of 5% and 9%, respectively, in silver and lead sold; vi) decreases of 6% and 33%, respectively, in the realized selling prices for lead and zinc; and vi) a foreign exchange loss of \$2.2 million arising from the depreciation of the US dollar against the Canadian dollar.

**Revenue** in Q1 Fiscal 2024 was \$60.0 million, down 6% compared to \$63.6 million in Q1 Fiscal 2023. The decrease is mainly due to i) a decrease of \$3.4 million arising from less silver and lead sold; ii) a decrease of \$3.9 million arising from the decrease in the net realized selling prices for lead and zinc, offset by iii) an increase of \$0.7 million arising from more gold sold; and iv) an increase of \$2.6 million arising from the increase in the net realized selling price for silver.

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The following table summarizes the metals sold, net realized selling price and revenue achieved for each metal.

	Three months ended June 30, 2023			Three months ended June 30, 2022		
	Ying Mining District	GC	Consolidated	Ying Mining District	GC	Consolidated
<b>Metal Sales</b>						
Gold (ounces)	1,495	-	1,495	1,100	-	1,100
Silver (in thousands of ounces)	1,631	184	1,815	1,759	156	1,915
Lead (in thousands of pounds)	15,002	2,328	17,330	16,760	2,365	19,125
Zinc (in thousands of pounds)	2,132	4,788	6,920	2,035	4,893	6,928
<b>Revenue</b>						
Gold (in thousands of \$)	2,515	-	2,515	1,753	-	1,753
Silver (in thousands of \$)	32,361	2,791	35,152	32,326	2,123	34,449
Lead (in thousands of \$)	12,646	1,949	14,595	15,035	2,080	17,115
Zinc (in thousands of \$)	1,791	3,868	5,659	2,539	5,963	8,502
Other (in thousands of \$)	1,263	822	2,085	1,309	464	1,773
	50,576	9,430	60,006	52,962	10,630	63,592
<b>Average Selling Price, Net of Value Added Tax and Smelter Charges</b>						
Gold (\$ per ounce)	1,682	-	1,682	1,594	-	1,594
Silver (\$ per ounce)	19.84	15.17	19.37	18.38	13.61	17.99
Lead (\$ per pound)	0.84	0.84	0.84	0.90	0.88	0.90
Zinc (\$ per pound)	0.84	0.81	0.82	1.25	1.22	1.23

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. Smelter charges are negotiated monthly. Silver recovered from zinc concentrate is subject to higher smelter charges, resulting in lower net realized selling price for silver at the GC Mine. 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)	
	Q1 F2024	Q1 F2023	Q1 F2024	Q1 F2023	Q1 F2024	Q1 F2023	Q1 F2024	Q1 F2023
Net realized selling prices	\$ 19.37	\$ 17.99	\$ 1,682	\$ 1,594	\$ 0.84	\$ 0.90	\$ 0.82	\$ 1.23
SME	\$ 24.42	\$ 22.54	\$ 1,983	\$ 1,874	\$ 0.98	\$ 1.04	\$ 1.35	\$ 1.81
LME	\$ 24.15	\$ 22.60	\$ 1,975	\$ 1,871	\$ 0.95	\$ 1.00	\$ 1.15	\$ 1.76

**Cost of mine operations** in Q1 Fiscal 2024 was \$36.7 million, down 5% compared to \$38.7 million in Q1 Fiscal 2023. Items included in cost of mine operations are as follows:

	Q1 Fiscal 2024	Q1 Fiscal 2023	Change
Production costs	\$ 24,298	\$ 26,144	-7%
Depreciation and amortization	7,663	7,558	1%
Mineral resource taxes	1,366	1,540	-11%
Government fees and other taxes	657	784	-16%
General and administrative	2,721	2,664	2%
	\$ 36,705	38,690	-5%

Production costs expensed in Q1 Fiscal 2024 were \$24.3 million, down 7% compared to \$26.1 million in Q1 Fiscal 2023. The decrease was mainly due to the decrease in per tonne production costs and less metal sold. The production costs expensed represent approximately 309,000 tonnes of ore processed and expensed at \$78.63 per tonne, compared to approximately 315,000 tonnes of ore processed and expensed at \$82.99 per tonne in Q1 Fiscal 2023.

The decreases in the mineral resource taxes and government fees and other taxes were mainly due to lower revenue achieved in Q1 Fiscal 2024. 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.

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General and administrative expenses for the mine operations in Q1 Fiscal 2024 were \$2.72 million, up 2% compared to \$2.66 million in Q1 Fiscal 2023. The increase was mainly due to pay rate adjustment to help employees overcome rising costs of living. Items included in general and administrative expenses for the mine operations are as follows:

	Q1 Fiscal 2024	Q1 Fiscal 2023	Change
Amortization and depreciation	\$ 277	\$ 317	-13%
Office and administrative expenses	708	619	14%
Professional Fees	103	122	-16%
Salaries and benefits	1,633	1,606	2%
	\$ 2,721	\$ 2,664	2%

**Income from mine operations** in Q1 Fiscal 2024 was \$23.3 million, down 6% compared to \$24.9 million in Q1 Fiscal 2023. Income from mine operations at the Ying Mining District was \$21.7 million, up 1% compared to \$21.4 million in Q1 Fiscal 2023. Income from mine operations at the GC Mine was \$1.7 million, down 53% compared to \$3.6 million in Q1 Fiscal 2023.

**Corporate general and administrative expenses** in Q1 Fiscal 2024 were \$3.7 million, up 3% compared to \$3.6 million in Q1 Fiscal 2023. The increase was mainly due to the increase in share-based compensation and expenses related to corporate travel and investor relation activities. Items included in corporate general and administrative expenses are as follows:

	Q1 Fiscal 2024	Q1 Fiscal 2023	Change
Amortization and depreciation	\$ 148	\$ 149	-1%
Office and administrative expenses	541	355	52%
Professional Fees	175	308	-43%
Salaries and benefits	1,415	1,573	-10%
Share-based compensation	1,371	1,172	17%
	\$ 3,650	\$ 3,557	3%

**Property evaluation and business development expenses** in Q1 Fiscal 2024 was \$0.1 million, compared to \$0.1 million in Q1 Fiscal 2023.

**Foreign exchange loss** in Q1 Fiscal 2024 was \$2.2 million compared to a gain of \$1.7 million in Q1 Fiscal 2023. The foreign exchange gain or loss is mainly driven by the exchange rate between the US dollar and the Canadian dollar.

**Gain on investments** in Q1 Fiscal 2024 was \$1.1 million, compared to a loss of \$2.7 million in Q1 Fiscal 2023. The gain or loss was mainly due to the changes in value of mark-to-market equity investments.

**Share of loss in associates** in Q1 Fiscal 2024 was \$0.6 million, compared to \$0.7 million in Q1 Fiscal 2023. Share of loss in associates represents the Company's equity pickup in NUAG and TIN.

**Finance income** in Q1 Fiscal 2024 was \$1.5 million compared to \$1.3 million in Q1 Fiscal 2023. The Company invests in short-term investments which include term deposits, money market instruments, and bonds.

**Finance costs** in Q1 Fiscal 2024 was \$0.1 million compared to \$0.5 million in Q1 Fiscal 2023. The finance costs primarily comprised of the following:

	Q1 Fiscal 2024	Q1 Fiscal 2023
Interest on lease obligation	\$ 7	\$ 14
Unwinding of discount of environmental rehabilitation provision	53	63
Impairment charges against debt investment	-	445
	\$ 60	\$ 522

**Income tax expenses** in Q1 Fiscal 2024 were \$6.2 million, up 2% compared to \$6.1 million in Q1 Fiscal 2023. The



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income tax expense recorded in Q1 Fiscal 2024 included a current income tax expense of \$4.9 million (Q1 Fiscal 2023 - \$4.0 million) and a deferred income tax expense of \$1.3 million (Q1 Fiscal 2023 - \$2.1 million). The current income tax expenses in Q1 Fiscal 2024 included withholding tax expenses of \$2.5 million (Q1 Fiscal 2023 - \$1.3 million), which was paid at a rate of 10% on dividends distributed out of China.

## 6. Liquidity, Capital Resources, and Contractual Obligations

### Liquidity

The following tables summarize the Company's cash and cash equivalents, short-term investments, and working capital position as well as the cash flow activities during the period.

As at	June 30, 2023	March 31, 2023	Changes
Cash and cash equivalents	\$ 143,278	\$ 145,692	\$ (2,414)
Short-term investments	57,322	57,631	(309)
	\$ 200,600	\$ 203,323	\$ (2,723)
Working capital	\$ 169,531	\$ 177,808	\$ (8,277)

	Three months ended June 30,		
	2023	2022	Changes
<b>Cash flow</b>			
Cash provided by operating activities	\$ 28,881	\$ 40,176	\$ (11,295)
Cash provided by (used in) investing activities	(21,116)	9,055	(30,171)
Cash provided by (used in) financing activities	(9,526)	(6,892)	(2,634)
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(1,761)</b>	<b>42,339</b>	<b>(44,100)</b>
Effect of exchange rate changes on cash and cash equivalents	(653)	(5,380)	4,727
Cash and cash equivalents, beginning of the period	145,692	113,302	32,390
<b>Cash and cash equivalents, end of the period</b>	<b>\$ 143,278</b>	<b>\$ 150,261</b>	<b>\$ (6,983)</b>

**Cash, cash equivalents and short-term investments** as at June 30, 2023 were \$200.6 million, down 1% compared to \$203.3 million as at March 31, 2023. The decrease was mainly due to a negative translation impact on cash and cash equivalents arising from the depreciation of the Chinese yuan against the US dollar.

**Working capital** as at June 30, 2023 was \$169.5 million, down 5% compared to \$177.8 million as at March 31, 2023.

**Cash flow provided by operating activities** in Q1 Fiscal 2024 was \$28.9 million, down 28% or \$11.3 million, compared to \$40.2 million in Q1 Fiscal 2023. The decrease was due to:

- \$23.9 million cash flow from operating activities before changes in non-cash operating working capital, down 23% or \$7.3 million, compared to \$31.3 million in Q1 Fiscal 2023; and
- \$5.0 million cash flow from changes in non-cash working capital, compared to \$8.9 million in Q1 Fiscal 2023.

**Cash flow used in investing activities** in Q1 Fiscal 2024 was \$21.1 million compared to \$9.1 million cash generated from investing activities in Q1 Fiscal 2023, and comprised mostly of:

- \$3.2 million spent to acquire plant and equipment (Q1 Fiscal 2023 - \$2.2 million);
- \$11.9 million spent on mineral exploration and development expenditures (Q1 Fiscal 2023 - \$15.9 million);
- \$3.6 million spent on the acquisition of other investments (Q1 Fiscal 2023 - \$1.8 million).
- \$nil spent on investment in associate (Q1 Fiscal 2023 - \$0.6 million); and,
- \$2.6 million spent on the net purchase of short-term investments (Q1 Fiscal 2023 - \$28.9 million proceeds from the net redemption of short-term investments); offset by
- \$0.1 million proceeds from disposal of other investments (Q1 Fiscal 2023 - \$0.5 million).

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**Cash flow used in financing activities** in Q1 Fiscal 2024 was \$9.5 million, compared to \$6.9 million in Q1 Fiscal 2023, and comprised mostly of:

- \$0.1 million lease payment (Q1 Fiscal 2023 - \$0.2 million);
- \$2.2 million cash dividends paid to equity holders of the Company (Q1 Fiscal 2023 - \$2.2 million);
- \$7.2 million in distributions to non-controlling shareholders (Q1 Fiscal 2023 - \$3.6 million); and
- \$nil million spent to repurchase common shares of the Company under Normal Course Issuer Bid (Q1 Fiscal 2023 - \$0.9).

#### Capital Resources

The Company's objective when managing capital is to maintain financial flexibility to continue as a going concern while optimizing growth and maximizing returns of investments for shareholders. The Company's strategy to achieve these objectives is to invest its excess cash balance in a portfolio of primarily fixed income instruments.

The Company monitors its capital structure based on changes in operations and economic conditions, and may adjust the structure by repurchasing shares, issuing new shares, or issuing debt. 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.

As at June 30, 2023, the Company has cash, cash equivalents, and short-term investments of \$200.6 million and working capital of \$169.5 million. The Company's financial position at June 30, 2023 and the operating cash flows that are expected over the next 12 months lead the Company to believe that the Company's liquid assets are sufficient to satisfy the Company's Fiscal 2024 working capital requirements, fund currently planned capital expenditures, and to discharge liabilities as they come due. The Company remains well positioned to take advantage of strategic opportunities as they become available. Liquidity risks are discussed further in the "Risks and Uncertainties" section of this MD&A. The Company is not subject to any externally imposed capital requirements.

#### Contractual Obligation and Commitments

In the normal course of business, the Company enters into contracts that give rise to commitments for future minimum payments. The following table summarizes the remaining contractual maturities of the Company's financial and non-financial liabilities, shown in contractual undiscounted cash flow as at June 30, 2023.

	Within a year	2-5 years	Total
Accounts payable and accrued liabilities	\$ 38,836	\$ -	\$ 38,836
Deposit received	5,486	-	5,486
Lease obligation	290	266	556
Income tax payable	374	-	374
	\$ 44,986	\$ 266	\$ 45,252

The Company's customers are required to make full amount of payment as deposits prior to the shipment of its concentrate inventories, and the customers also have rights to demand repayment of any unused deposits paid.

As at June 30, 2023, the Company has working capital of \$169.5 million (March 31, 2023 - \$177.8 million). 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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#### 7. Environmental Rehabilitation Provision

The estimated future environmental rehabilitation costs are based principally on the requirements of relevant authorities and the Company's environmental policies. The provision is measured using management's assumptions and estimates for future cash outflows. In view of uncertainties concerning environmental rehabilitation obligations, the ultimate costs could be materially different from the amounts estimated. The Company accrues these costs, which are determined by discounting costs using rates specific to the underlying obligation. Upon recognition of a liability for the environmental rehabilitation costs, the Company capitalizes these costs to the related mine and amortizes such amounts over the life of each mine on a unit-of-production basis. The accretion of the discount due to the passage of time is recognized as an increase in the liability and a finance expense.

As at June 30, 2023, the total inflated and undiscounted amount of estimated cash flows required to settle the Company's environmental rehabilitation provision was \$9.7 million (March 31, 2023 - \$10.2 million) over the next twenty years, which has been discounted using an average discount rate of 2.83% (March 31, 2023 - 2.83%).

The accretion of the discounted charge in Q1 Fiscal 2024 was \$0.05 million (Q1 Fiscal 2023 - \$0.06 million), and reclamation expenditures incurred in Q1 Fiscal 2024 was \$0.09 million (Q1 Fiscal 2023 - \$0.03 million).

#### 8. 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.sedarplus.com](http://www.sedarplus.com) and on EDGAR at [www.sec.gov](http://www.sec.gov). Readers are encouraged to refer to these documents for a more detailed description of the risks and uncertainties inherent to Silvercorp's business.

##### (a) Financial Instruments Risk Exposure

The Company is exposed to financial risks, including metal price risk, credit risk, interest rate risk, foreign currency exchange rate risk, and liquidity risk. The Company's exposures and management of each of those risks is described in the unaudited condensed interim consolidated financial statements for the three months ended June 30, 2023 under Note 20 "Financial Instruments", along with the financial statement classification, the significant assumptions made in determining the fair value, and amounts of income, expenses, gains and losses associated with financial instruments. Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision.

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Changes in assumptions could significantly affect the estimates. The following provides a description of the risks related to financial instruments and how management manages these risks:

#### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they arise. The Company manages liquidity risk by monitoring actual and projected cash flows and matching the maturity profile of financial assets and liabilities. Cash flow forecasting is performed regularly to ensure that there is sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and our holdings of cash and cash equivalents, and short-term investments.

#### 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 sensitivity of the Company's net income due to the exchange rates of the Canadian dollar against the U.S. dollar and the Australian dollar as at June 30, 2023 is summarized as follows:

	Cash and cash equivalents	Short-term investments	Other investments	Accounts payable and accrued liabilities	Net financial assets exposure	Effect of +/- 10% change in currency
US dollar	\$ 86,605	\$ 2,769	\$ 2,583	\$ (74)	\$ 91,883	\$ 9,188
Australian dollar	247	-	8,816	-	9,063	906
	<b>\$ 86,852</b>	<b>\$ 2,769</b>	<b>\$ 11,399</b>	<b>\$ (74)</b>	<b>\$ 100,946</b>	<b>\$ 10,094</b>

#### Interest rate risk

The Company is exposed to interest rate risk on its cash equivalents and short-term investments. As at June 30, 2023, 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.

#### 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 June 30, 2023 (at March 31, 2023 - \$nil).

#### Equity price risk

The Company holds certain marketable securities that will fluctuate in value as a result of trading on Canadian financial markets. As the Company's marketable securities holdings are mainly in mining companies, the value

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will also fluctuate based on commodity prices. Based upon the Company's portfolio as at June 30, 2023, 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 \$1.6 million and \$0.1 million, respectively.

#### **(b) Metal Price Risk**

The Company's sales price for silver is fixed against the Shanghai White Platinum & Silver Exchange as quoted at [www.ex-silver.com](http://www.ex-silver.com); lead and zinc are fixed against the Shanghai Metals Exchange as quoted at [www.shmet.com](http://www.shmet.com); and gold is fixed against the Shanghai Gold Exchange as quoted at [www.sge.com.cn](http://www.sge.com.cn).

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 jewelry and industrial products containing silver and other metals; sale of silver and other metals by central banks and other holders, forward selling activities, speculators and producers of silver and other metals; availability and costs of metal substitutes; and increased production due to new mine developments and improved mining and production methods. The effects 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 and thus 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.

If silver and other metal prices were to decline significantly 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.

#### **(c) Uncertainty in the Estimation of Mineral Resources and Mineral Reserves, and Metal Recovery**

There is a degree of uncertainty attributable to the estimation of Mineral Resources, Mineral Reserves, mineralization and corresponding grades being mined or dedicated to future production. Until Mineral Resources, Mineral Reserves or mineralization are actually mined and processed, the quantity of metals and grades must be considered as estimates only. The figures for Mineral Reserves and Mineral Resources contained herein are estimates only based on a number of assumptions, any adverse changes to which could require us to lower our Mineral Resource and Mineral Reserve estimates and no assurance can be given that the anticipated tonnages and grades will be achieved, that the indicated level of recovery will be realized or that Mineral Reserves could be mined or processed profitably. Our estimates of economically recoverable reserves are primarily based upon interpretations of geological models, which make various assumptions, such as assumptions with respect to, prices, costs, regulations, and environmental and geological factors. These assumptions have a significant effect on the amounts recognized in our technical reports and our financial statements, and any material difference between these assumptions and actual events may affect the economic viability of our properties or any project undertaken by us. There are numerous uncertainties inherent in estimating Mineral Reserves and Mineral Resources, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any reserve or resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Short-term operating factors relating to the Mineral Reserves, such as the need for orderly development of the ore bodies or the processing of new or different ore grades, may cause the mining operation to be unprofitable in any particular accounting period. Valid estimates made at a given time may significantly change when new information becomes available. Any material change in quantity of Mineral Resources, Mineral Reserves, mineralization, or grade may affect the economic viability of the Company's projects. In addition, there can be no assurance that

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precious or other metal recoveries in small-scale laboratory tests will be duplicated in larger scale tests or during production, or that the existing known and experienced recoveries will continue.

#### **(d) COVID-19 and Other Pandemics**

The spread of COVID-19 impacted our operations, our employees and our contractors, not only as it related to significant health concerns, but also in terms of governmental restrictions on, and in some cases suspensions of, our operations, limitations on the movement of people and supplies, inflation and cost escalation availability of food and other goods, and personal well-being, among others. Our suppliers and service providers were also similarly impacted.

While COVID-19 had significant, direct impacts on our operations, our business, our workforce, and our production, the extent to which COVID-19, or other pathogens that might emerge, will impact our operations in the future is highly uncertain and cannot be predicted with confidence.

Moreover, the continued presence of, or spread, of COVID-19 or other pathogens globally may have material adverse effects on the economies and financial markets of many countries, resulting in an economic downturn that could have significant impacts on commodity prices, demand for metals, investor confidence, and general financial market liquidity, all of which may adversely affect our business and the market price of our common shares, as well as impacting our suppliers and commercial partners. In addition, such a pandemic could also impact our ability to raise capital and cause continued interest rate volatility that could make obtaining financing or refinancing our debt obligations more challenging or more expensive (if such financing is available at all). Inflationary pressures relating to COVID-19 global financial support measures and current supply chain challenges continue to have both direct and indirect impacts and could worsen with additional outbreaks or the spread of global pathogens.

#### **(e) 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.

In addition, China has further strengthened its national security review of foreign investment. The Measures will continue to create an additional layer of uncertainty with respect to foreign investment. Investment plans, timetables, terms and conditions for closing for investment must consider the timing and contingency of obtaining approval from the national security review process.

#### **(f) Title to properties**

The validity of mining or exploration titles or claims or rights, which constitute most of our property holdings, can be uncertain and may be contested. Our properties may be subject to prior unregistered liens, agreements or transfers, indigenous land claims, or undetected title defects. In some cases, we do not own or hold rights to the mineral concessions we mine. We have not conducted surveys of all the claims in which we hold direct or indirect interests and therefore, the precise area and location of such claims may be in doubt. No assurance can be given

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that applicable governments will not revoke or significantly alter the conditions of the applicable exploration and mining titles or claims, or that such exploration and mining titles or claims will not be challenged or impugned by third parties.

We may be unable to operate our properties as expected, or to enforce our rights to our properties. Any defects in title to our properties, or the revocation of our rights to mine, could have a material adverse effect on our operations and financial condition.

We operate in countries with developing mining laws, and changes in such laws could materially impact our rights or interests to our properties. We are also subject to expropriation risk, including the risk of expropriation or extinguishment of property rights based on a perceived lack of development or advancement. Expropriation, extinguishment of rights and any other such similar governmental actions would likely have a material adverse effect on our operations and profitability.

In the jurisdictions in which we operate, legal rights applicable to mining concessions are different and separate from legal rights applicable to surface lands. Accordingly, title holders of mining concessions in many jurisdictions must agree with surface landowners on compensation in respect of mining activities conducted on such land. We do not hold title to all of the surface lands at many of our operations and rely on contracts or other similar rights to conduct surface activities.

Title insurance is generally not available for mineral properties in China and the Company's ability to ensure that it has obtained secure claims to individual mineral properties or mining concessions may be severely constrained. Accordingly, the Company may have little or no recourse as a result of any successful challenge to title to any of its properties. The Company's properties may be subject to prior unregistered liens, agreements or transfers, land claims or undetected title defects which may have a material adverse effect on the Company's ability to develop or exploit the properties.

### **(g) Operations and political conditions**

All the Company's material operations are located in China. These operations are subject to the risks normally associated with conducting business in China, which has different regulatory and legal standards than North America. 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 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.

### **(h) Regulatory environment in China**

The Company's principal mining operations are in China. The laws of China differ significantly from those of

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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. China's legislation is undergoing a relatively fast transformation with some old laws superseded by newly enacted laws. 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 create risks or uncertainty for investors in mineral projects or have a material adverse impact on future cash flow, results of operations and the financial condition of the Company.

In addition, China has further strengthened its national security review of foreign investment. The measures will continue to create an additional layer of uncertainty with respect to foreign investment. Investment plans, timetables, terms and conditions for closing for investment must take into account the timing and contingency of obtaining approval from the national security review process.

#### **(i) Environmental risks and safety 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. The Company's Chinese subsidiaries are required to have been issued environmental permits and safety production permits with various expiration dates. These permits are also subject to periodic inspection by government authorities. Failure to pass the inspections may result in penalties. No guarantee can be given that the necessary permits 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.

Nearly all mining projects require government approval and permits relating to environmental, social, land and water usage, community matters, and other matters.

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 the status of 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 costs.

#### **(j) 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: environmental hazards; discharge of pollutants or hazardous chemicals; industrial accidents; failure of processing and mining equipment; labour disputes; supply problems and delays; encountering unusual or unexpected geologic formations or other geological or grade problems; encountering unanticipated ground or water conditions; cave-ins, pit wall failures, flooding, rock bursts and fire; periodic interruptions due to inclement or hazardous weather conditions; equipment breakdown; other unanticipated



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difficulties or interruptions in development, construction or production; other acts of God or unfavourable operating conditions; and 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.

### (k) Cybersecurity Risks

The Company is subject to cybersecurity risks including unauthorized access to privileged information, destroying 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 will not experience a material cybersecurity incident 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.

### (l) Climate Change

There is significant evidence of the effects of climate change on our planet and an intensifying focus on addressing these issues. The Company recognizes that climate change is a global challenge that may have both favorable and adverse effects on our business in a range of possible ways. Mining and processing operations are energy intensive and result in a carbon footprint either directly or through the purchase of fossil-fuel based electricity. As such, the Company is impacted by current and emerging policy and regulation relating to greenhouse gas emission levels, energy efficiency, and reporting of climate-change related risks. While some of the costs associated with reducing emissions may be offset by increased energy efficiency, technological innovation, or the increased demand for our metals as part of technological innovations, the current regulatory trend may result in additional transition costs at some of our operations. Governments are introducing climate change legislation and treaties at the international, national, and local levels, and regulations relating to emission levels and energy efficiency are evolving and becoming more rigorous. Current laws and regulatory requirements are not consistent across the jurisdictions in which we operate, and regulatory uncertainty is likely to result in additional complexity and cost in our compliance efforts. Public perception of mining is, in some respects, negative and there is increasing pressure to curtail mining in many jurisdictions as a result, in part, of perceived adverse effects of mining on the environment.

Concerns around climate change may also affect the market price of our shares as institutional investors and others may divest interests in industries that are thought to have more environmental impacts. While we are committed to operating responsibly and reducing the negative effects of our operations on the environment, our ability to reduce emissions, energy and water usage by increasing efficiency and by adopting new innovation is constrained by technological advancement, operational factors and economics. Adoption of new technologies, the use of renewable energy, and infrastructure and operational changes necessary to reduce water usage may also increase our costs significantly. Concerns over climate change, and our ability to respond to regulatory requirements and societal pressures, may have significant impacts on our operations and on our reputation, and may even result in reduced demand for our products.

The physical risks of climate change could also adversely impact our operations. These risks include, among other things, extreme weather events, resource shortages, changes in rainfall and in storm patterns and intensities, water shortages, changing sea levels and extreme temperatures. Climate-related events such as mudslides, floods, droughts and fires can have significant impacts, directly and indirectly, on our operations and could result

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in damage to our facilities, disruptions in accessing our sites with labour and essential materials or in shipping products from our mines, risks to the safety and security of our personnel and to communities, shortages of required supplies such as fuel and chemicals, inability to source enough water to supply our operations, and the temporary or permanent cessation of one or more of our operations. There is no assurance that we will be able to anticipate, respond to, or manage the risks associated with physical climate change events and impacts, and this may result in material adverse consequences to our business and to our financial results.

### (m) Claims and Legal Proceeding Risks

The Company is subject to various claims and legal proceedings covering a wide range of matters that arise in the ordinary course of business activities. Each of these matters is subject to various uncertainties and it is possible that some of these other matters may be resolved in a manner that is unfavourable to the Company which may result in a material adverse impact on the Company's financial performance, cash flow or results of operations. The Company carries liability insurance coverage and establishes provisions for matters that are probable and can be reasonably estimated, however there can be no guarantee that the amount of such coverage is sufficient to protect against all potential liabilities. In addition, the Company may in the future be subjected to regulatory investigations or other proceedings and may be involved in disputes with other parties in the future which may result in a significant impact on our financial condition, cash flow and results of operations.

### 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:

#### *Due from related parties*

	June 30, 2023	March 31, 2023
NUAG (a)	\$ 45	\$ 51
TIN (b)	19	37
	\$ 64	\$ 88

- (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 months ended June 30, 2023, the Company recovered \$0.3 million (three months ended June 30, 2022 - \$0.2 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 unaudited condensed consolidated statements of income.
- (b) The Company recovers costs for services rendered to TIN and expenses incurred on behalf of TIN pursuant to a services and administrative costs reallocation agreement. During the three months ended June 30, 2023, the Company recovered \$0.08 million (three months ended June 30, 2022 - \$0.04 million), from TIN for services rendered and expenses incurred on behalf of TIN. The costs recovered from TIN were recorded as a direct reduction of general and administrative expenses on the unaudited condensed consolidated statements of income.

The balances with related parties are unsecured.

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### 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 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 months ended June 30, 2023 and 2022:

#### (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 an 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 earnings per share.

	Three months ended June 30,	
	2023	2022
<b>Net income (loss) as reported for the period</b>	<b>\$ 13,213</b>	<b>\$ 14,084</b>
<b>Adjustments, net of tax</b>		
Share-based compensation included in general and administrative	1,371	1,172
Foreign exchange loss (gain)	2,227	(1,656)
Share of loss in associates	640	728
(Gain) loss on equity investments	(1,086)	2,671
Impairment loss on bonds investments included in finance costs	-	445
<b>Adjusted earnings for the period</b>	<b>\$ 16,365</b>	<b>\$ 17,444</b>
Non-controlling interest as reported	3,996	3,915
<b>Adjusted earnings attributable to equity holders</b>	<b>\$ 12,369</b>	<b>\$ 13,529</b>
Adjusted earnings per share attributable to the equity shareholders of the Company		
<b>Basic adjusted earning per share</b>	<b>\$ 0.07</b>	<b>\$ 0.08</b>
<b>Diluted adjusted earning per share</b>	<b>\$ 0.07</b>	<b>\$ 0.08</b>
Basic weighted average shares outstanding	176,927,547	177,245,037
Diluted weighted average shares outstanding	179,847,745	179,583,285

#### (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) Silver Equivalent

Silver equivalent is an alternative performance (non-IFRS) measure calculated by converting the gold metals

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quantity to its silver equivalent using the ratio between the realized selling prices of gold and silver and adding the converted amount expressed in silver ounces to the ounces of silver.

### (d) 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.

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 updated 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 general and administrative expense, mineral resources tax, 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:

	Three months ended June 30, 2023						Three months ended June 30, 2022					
		Ying Mining District	GC	Other	Corporate	Consolidated	Ying Mining District	GC	Other	Corporate	Consolidated	
Production costs expensed as reported	A	\$ 18,635	\$ 5,663	\$ -	\$ -	\$ 24,298	\$ 21,135	\$ 5,009	\$ -	\$ -	\$ 26,144	
By-product sales												
Gold		(2,515)	-	-	-	(2,515)	(1,753)	-	-	-	(1,753)	
Lead		(12,646)	(1,949)	-	-	(14,595)	(15,035)	(2,080)	-	-	(17,115)	
Zinc		(1,791)	(3,868)	-	-	(5,659)	(2,539)	(5,963)	-	-	(8,502)	
Other		(1,263)	(822)	-	-	(2,085)	(1,309)	(464)	-	-	(1,773)	
Total by-product sales	B	(18,215)	(6,639)	-	-	(24,854)	(20,636)	(8,507)	-	-	(29,143)	
Total cash costs, net of by-product credits	C=A+B	420	(976)	-	-	(556)	499	(3,498)	-	-	(2,999)	
Add: Mineral resources tax		1,136	230	-	-	1,366	1,255	285	-	-	1,540	
General and administrative		1,920	715	86	3,650	6,371	1,890	645	129	3,557	6,221	
Amortization included in general and administrative		(132)	(86)	(59)	(148)	(425)	(139)	(91)	(87)	(149)	(466)	
Property evaluation and business development*		-	-	7	102	109	-	-	-	132	132	
Government fees and other taxes		555	101	1	-	657	661	123	-	-	784	
Reclamation accretion		35	11	7	-	53	44	12	7	-	63	
Lease payment		-	-	-	64	64	-	-	-	168	168	
Sustaining capital expenditures		7,719	1,754	51	9	9,533	10,910	1,357	-	3	12,270	
All-in sustaining costs, net of by-product credits	F	11,653	1,749	93	3,677	17,172	15,120	(1,167)	49	3,711	17,713	
Add: Non-sustaining capital expenditures		5,337	229	-	-	5,566	5,188	438	189	-	5,815	
All-in costs, net of by-product credits	G	16,990	1,978	93	3,677	22,738	20,308	(729)	238	3,711	23,528	
Silver ounces sold ('000s)	H	1,631	184	-	-	1,815	1,759	156	-	-	1,915	
Cash costs per ounce of silver, net of by-product credits	(A+B)/H	\$ 0.26	\$ (5.30)	\$ -	\$ -	\$ (0.31)	\$ 0.28	\$ (22.42)	\$ -	\$ -	\$ (1.57)	
All-in sustaining costs per ounce of silver, net of by-product credits	F/H	\$ 7.14	\$ 9.51	\$ -	\$ -	\$ 9.46	\$ 8.60	\$ (7.48)	\$ -	\$ -	\$ 9.25	
All-in costs per ounce of silver, net of by-product credits	G/H	\$ 10.42	\$ 10.75	\$ -	\$ -	\$ 12.53	\$ 11.55	\$ (4.67)	\$ -	\$ -	\$ 12.29	
By-product credits per ounce of silver												
Gold		(1.54)	-	-	-	(1.39)	(1.00)	-	-	-	(0.92)	
Lead		(7.75)	(10.59)	-	-	(8.04)	(8.55)	(13.33)	-	-	(8.94)	
Zinc		(1.10)	(21.02)	-	-	(3.12)	(1.44)	(38.22)	-	-	(4.44)	
Other		(0.77)	(4.47)	-	-	(1.15)	(0.74)	(2.97)	-	-	(0.93)	
Total by-product credits per ounce of silver		\$ (11.16)	\$ (36.08)	\$ -	\$ -	\$ (13.70)	\$ (11.73)	\$ (54.52)	\$ -	\$ -	\$ (15.23)	

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### (e) 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. Mining costs includes costs of material and supplies, labour costs, applicable mine overhead costs, and mining contractor costs for mining ore; shipping costs includes freight charges for shipping stockpile ore from mine sites and mill sites, and milling costs include costs of materials and supplies, labour costs, and applicable mill overhead costs related to ore processing. Mining costs per tonne is the mining costs divided by the tonnage of ore mined, shipping cost per tonne is the shipping costs divided by the tonnage of ore shipped from mine sites to mill sites; and milling costs per tonne is the milling costs divided by the tonnage of ore processed at the mill. Costs per tonne of ore processed is the total of per tonne mining costs, per tonne shipping costs, and per tonne milling costs.

All-in sustaining production cost per tonne is an extension of the 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 production costs, and further includes 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:

	Three months ended June 30, 2023					Three months ended June 30, 2022				
	Ying Mining District	GC	Other	Corporate	Consolidated	Ying Mining District	GC	Other	Corporate	Consolidated
Production costs expensed as reported	\$ 18,635	\$ 5,663	\$ -	\$ -	\$ 24,298	\$ 21,135	\$ 5,009	\$ -	\$ -	\$ 26,144
Adjustment for aggregate plant operations*	(160)	-	-	-	(160)	(436)	-	-	-	(436)
Changes in stockpile and concentrate inventory										
Less: stockpile and concentrate inventory - Beginning	(3,657)	(246)	(32)	-	(3,935)	(4,740)	(139)	(35)	-	(4,914)
Add: stockpile and concentrate inventory - Ending	3,171	41	31	-	3,243	3,523	178	33	-	3,734
Net change of depreciation and amortization charged to inventory	(87)	(34)	-	-	(121)	(345)	(28)	-	-	(373)
Adjustment for foreign exchange movement	356	74	1	-	431	782	(34)	2	-	750
	(217)	(165)	-	-	(382)	(780)	(23)	-	-	(803)
Adjusted production cost	\$ 18,258	\$ 5,498	\$ -	\$ -	\$ 23,756	\$ 19,919	\$ 4,986	\$ -	\$ -	\$ 24,905
Mining costs	A 15,213	4,115	-	-	19,328	16,763	3,633	-	-	20,396
Shipping costs	B 721	-	-	-	721	834	-	-	-	834
Milling costs	C 2,324	1,383	-	-	3,707	2,322	1,353	-	-	3,675
Total cash production cost	\$ 18,258	\$ 5,498	\$ -	\$ -	\$ 23,756	\$ 19,919	\$ 4,986	\$ -	\$ -	\$ 24,905
General and administrative	1,920	715	86	3,650	6,371	1,890	645	129	3,557	6,221
Amortization included in general and administrative	(132)	(86)	(59)	(148)	(425)	(139)	(91)	(87)	(149)	(466)
Property evaluation and business development	-	-	7	102	109	-	-	-	132	132
Government fees and other taxes	555	101	1	-	657	661	123	-	-	784
Reclamation accretion	35	11	7	-	53	44	12	7	-	63
Lease payment	-	-	-	64	64	-	-	-	168	168
Adjustment for aggregate plant operations	-	-	-	-	-	-	-	-	-	-
Sustaining capital expenditures	7,719	1,754	51	9	9,533	10,910	1,357	-	3	12,270
All-in sustaining production cost	D 28,355	7,993	93	3,677	40,118	33,285	7,032	49	3,711	44,077
Non-sustaining capital expenditures	5,337	229	-	-	5,566	5,188	438	189	-	5,815
All in production cost	E 33,692	8,222	93	3,677	45,684	38,473	7,470	238	3,711	49,892
Ore mined ('000s)	F 213,748	89,472	-	-	303,220	214,038	86,066	-	-	300,104
Ore shipped ('000s)	G 219,981	89,472	-	-	309,453	221,386	86,066	-	-	307,452
Ore milled ('000s)	H 208,809	86,286	-	-	295,095	212,055	86,121	-	-	298,176
Per tonne Production cost										
Cash mining cost (\$/tonne)	I=A/F 71.17	45.99	-	-	63.74	78.32	42.21	-	-	67.96
Shipping costs (\$/tonne)	J=B/G 3.28	-	-	-	2.33	3.77	-	-	-	2.71
Cash milling costs (\$/tonne)	K=C/H 11.13	16.03	-	-	12.56	10.95	15.71	-	-	12.32
Cash production costs (\$/tonne)	L=I+J+K 85.58	62.02	-	-	78.63	93.04	57.92	-	-	82.99
All-in sustaining production costs (\$/tonne)	M=(D-A-B-C)/H+L 133.94	90.94	-	-	134.08	156.07	81.68	-	-	147.29
All in costs (\$/tonne)	N=M+(E-D)/H 159.49	93.59	-	-	152.94	180.54	86.76	-	-	166.79

\*The operation of the aggregate plant is considered an integrated part of the operations at the Ying Mining District, and its revenue is treated as credits to offset its production costs.

## 12. Material Accounting Policies, Judgments, and Estimates

### (a) Material Accounting Policies

The accounting policies applied in the preparation of these unaudited condensed interim consolidated financial statements are consistent with those applied and disclosed in the audited financial statements for the year ended March 31, 2023 with the exception of the mandatory adoption of certain noted below:

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### **Amendment to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction**

The amendments to IAS 12 clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

The adoption of this amendment did not have a material impact on the Company.

### **Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting policies**

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2. This amendment did not have a material impact on the Company's condensed interim consolidated financial statements.

### **(b) Critical 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 months ended June 30, 2023, as well as the audited financial statements for the year ended March 31, 2023.

### **13. New Accounting Standards**

Certain new accounting standards and interpretations have been published that are not mandatory for the current period and have not been early adopted. Management is still evaluating and does not expect any such pronouncements to have a material impact on the Company's consolidated financial statements upon adoption.

### **14. Other MD&A Requirements**

Additional information relating to the Company:

- (a) may be found on SEDAR at [www.sedarplus.ca](http://www.sedarplus.ca);
- (b) may be found on EDGAR at [www.sec.gov](http://www.sec.gov);
- (c) may be found at the Company's website [www.silvercorp.ca](http://www.silvercorp.ca);
- (d) may be found in the Company's Annual Information Form; and
- (e) is also provided in the Company's annual audited consolidated financial statements as of March 31, 2023.

### **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 – **176,816,488** common shares with a recorded value of **\$256.1 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
478,000	\$3.93	4/26/2027
60,000	\$4.08	2/23/2028
493,668	\$5.46	5/26/2025
390,000	\$9.45	11/11/2025
<b>1,421,668</b>		

(c) Restricted Share Units (RSUs)

Outstanding – 2,919,809 RSUs with an average grant date closing price of CAD\$5.26 per share.

#### 16. Disclosure Controls and Procedures

Disclosure controls and procedures (a) under Canadian law, are designed to provide reasonable assurance that material information is gathered and reported to senior management, including the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), as appropriate to allow for timely decision about public disclosure, and (b) under U.S. law, are designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the U.S. Securities Exchange Act of 1934, as amended (the "U.S. Exchange Act") is recorded, processed, summarized and reported, within the time periods specified in the U.S. Securities and Exchange Commission's rules and forms, and include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the U.S. Exchange Act is accumulated and communicated to the Company's management, including its CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

Management of the Company, including the CEO and CFO, is responsible for establishing and maintaining adequate disclosure controls and procedures. Under the supervision and with the participation of the CEO and CFO, management has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures in accordance with requirements of National Instrument 52-109 of the Canadian Securities Commission ("NI 52-109") and U.S. Exchange Act.

As of June 30, 2023, based on the evaluation, management concluded that the disclosure controls and procedures are effective in providing reasonable assurance that the information required to be disclosed in annual filings, interim filings, and other reports the Company filed or submitted under United States and Canadian securities legislation were recorded, processed, summarized and reported within the time periods specified in those rules.

#### 17. 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 CEO and CFO and effected by the Board, management and other personnel to provide reasonable assurance regarding the 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:

- pertain to maintaining records, that in reasonable detail, accurately and fairly reflect our transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary for preparation of our consolidated financial statements in accordance with generally accepted accounting principles;
- provide reasonable assurance that receipts and expenditures are made in accordance with authorizations of management and the directors of the Company; and
- provide 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.

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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 Organizations of the Treadway Commission. Based on the evaluation, management concluded that the Company's internal control over financial reporting as of June 30, 2023 was effective and provides a reasonable assurance of the reliability of the Company's financial reporting and preparation of the financial statements.

#### 18. Changes in Internal Control over Financial Reporting

There has been no change in the Company's internal control over financial reporting during the period ended June 30, 2023 that has materially affected or is reasonably likely to materially affect, its internal control over financial reporting.

#### 19. Subsequent Event

On August 6, 2023, the Company and OreCorp Limited (ASX: ORR) ("**OreCorp**") announce the signing of a binding scheme implementation deed (the "**Agreement**") whereby Silvercorp will acquire all fully-paid ordinary shares of OreCorp not held by Silvercorp or its associates (the "**OreCorp Shares**"), pursuant to an Australian scheme of arrangement under Part 5.1 of the *Corporations Act 2001* (Cth) (the "**Scheme**"), subject to the satisfaction of various conditions.

Under the terms of the Agreement, Silvercorp or a wholly owned subsidiary will, subject to the satisfaction of various conditions, acquire the OreCorp Shares by means of a court-sanctioned scheme of arrangement under Part 5.1 of the *Corporations Act 2001* (Cth), whereby each holder of OreCorp Shares will receive, for each OreCorp Share held, A\$0.15 in cash and 0.0967 of a Silvercorp common share valued at A\$0.45 for a total implied consideration of A\$0.60 per OreCorp Share.<sup>1</sup>

The implied consideration of A\$0.60 per OreCorp share represents a 41.7% premium to the 20-day VWAP of OreCorp's shares on the ASX for the period ending August 4, 2023 and values OreCorp at approximately A\$242 million on a fully-diluted-in-the-money basis. Existing OreCorp shareholders will own 17.8% of Silvercorp's common shares outstanding on a fully-diluted in-the-money basis following implementation of the Scheme.

Concurrent with entering into the Agreement, Silvercorp and OreCorp have also entered into a placement agreement, whereby 70,411,334 new fully-paid ordinary shares of OreCorp will be issued to Silvercorp at a price of A\$0.40 per OreCorp Share for aggregate proceeds of approximately A\$28 million (the "**Placement**"). The Placement will occur in two tranches, with the first tranche (for aggregate proceeds of A\$18 million) to complete on the third business day after execution of the Agreement and the second tranche (for aggregate proceeds of approximately A\$10 million) to complete 10 business days thereafter. Upon completion of the Placement, Silvercorp will hold approximately 15% of the total outstanding ordinary shares of OreCorp. Proceeds from the Placement will be used to immediately commence resettlement activities as contemplated in the Relocation Action Plan, facilitating the prompt development of the Nyanzaga Gold Project, located in the Mwanza region, Tanzania. OreCorp holds an 84% interest in the Nyanzaga Gold Project, in partnership with the Government of Tanzania.

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<sup>1</sup> Based on the 20-day volume weighted average price of Silvercorp's common shares on the NYSE American for the period ended August 3, 2023, converted to Australian dollars using a U.S. dollar to Australian dollar foreign exchange rate of 1.526.



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The OreCorp Board has unanimously approved the transaction and recommends that all OreCorp shareholders vote in favour of the Scheme at the meeting of the shareholders of OreCorp (the “**Scheme Meeting**”), in the absence of a Superior Proposal and subject to the independent expert to be appointed by OreCorp (the “**Independent Expert**”) concluding (and continuing to conclude) that the Scheme is in the best interests of OreCorp shareholders. Subject to those same qualifications, each director of OreCorp intends to vote, or cause to be voted, all OreCorp Shares held or controlled by them (representing 4.6% of OreCorp’s issued shares as at the date of this announcement) in favour of the Scheme at the Scheme Meeting.

The Scheme is subject to customary closing conditions for a transaction of this nature, including:

- OreCorp shareholders approving the Scheme at the Scheme Meeting;
- Approval of the Federal Court of Australia;
- Completion of the Placement;
- The Independent Expert issuing an Independent Expert’s Report which concludes (and continues to conclude) that the Scheme is in the best interests of OreCorp shareholders;
- Tanzanian Fair Competition Commission and any other applicable approvals;
- Foreign Investment Review Board approval in Australia, if required;
- OreCorp performance rights and OreCorp options being dealt with such that none will remain in existence on completion of the Scheme;
- No material adverse change and no prescribed occurrence in relation to either Silvercorp or OreCorp;
- Approval for quotation on TSX and NYSE of the Silvercorp common shares to be issued to OreCorp shareholders as the scrip component of the consideration; and
- Other customary conditions.

Under the Agreement, Silvercorp has agreed to use reasonable endeavours to apply for admission of Silvercorp to the official list of Australian Securities Exchange (the “**ASX**”). If ASX has provided Silvercorp with conditional approval for admission to the official list of ASX by the business day before the date of the second court hearing, OreCorp shareholders (other than ineligible shareholders) may elect to receive the scrip component of the consideration in the form of CHESS Depositary Interests (which may be traded on ASX) instead of in the form of Silvercorp common shares. If conditional approval is not provided by ASX by the business day before the date of the second court hearing, all OreCorp shareholders (other than ineligible shareholders) would receive the scrip component of the consideration in the form of Silvercorp shares, tradable on the TSX and NYSE.

The Agreement also contains customary deal protection mechanisms, including no talk and no due diligence provisions, (subject to a fiduciary out exception) and no shop, as well as notification and matching rights for Silvercorp in the event of a competing proposal. The transaction may incur a capital gains tax payable under Tanzanian legislation. A break fee of approximately A\$2.8 million shall be payable by OreCorp to Silvercorp if the Agreement is terminated as a result of certain specified circumstances.

## 20. Directors and Officers

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

<b>Directors</b>	<b>Officers</b>
Dr. Rui Feng, Director, Chairman	Rui Feng, Chief Executive Officer
Yikang Liu, Director	Derek Liu, Chief Financial Officer
Paul Simpson, Director	Lon Shaver, Vice President
David Kong, Director	Jonathan Hoyles, Corporate Secretary and General Legal Counsel
Marina A. Katusa, Director	

# SILVERCORP METALS INC.

## Management's Discussion and Analysis

For the Three Months Ended June 30, 2023

(Tabular amounts are expressed in thousands of U.S. dollars, except share, per share cost and production data or otherwise stated)

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Ken Robertson, Director

### Technical Information

Scientific and technical information contained in this MD&A has been reviewed and approved by Mr. Guoliang Ma, P.Geo., Manager of Exploration and Resources of the Company and a Qualified Person as defined by National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("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 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;*
- *statements regarding the proposed transactions between the Company and Celsius;*
- *statements regarding the proposed transactions between the Company and OreCorp;*
- *plans, projections and estimates included in the Fiscal 2024 Guidance*
- *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;*
- *title to our properties;*
- *operations and political conditions;*
- *regulatory environment in China, Mexico and Canada;*
- *environmental risks;*
- *mining operations;*
- *cybersecurity;*

## SILVERCORP METALS INC.

### Management's Discussion and Analysis

#### For the Three Months Ended June 30, 2023

(Tabular amounts are expressed in thousands of U.S. dollars, except share, per share cost and production data or otherwise stated)

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- *climate changes;*
- *the completion and timing of the proposed transactions between the Company and Celsius;*
- *the completion and timing of the proposed transactions between the Company and OreCorp;*
- *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, 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. Assumptions may prove to be incorrect and actual results may differ materially from those anticipated. Consequently, guidance cannot be guaranteed. For the reasons set forth above, investors should not place undue reliance on forward-looking statements and information.*