Silvercorp Metals Inc.

Second Quarter Fiscal 2027 Financial Results Conference Call

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CORPORATE PARTICIPANTS

Lon Shaver
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Joe Reagor
ROTH Capital Partners — Analyst

Alex Terentiew
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PRESENTATION

Operator

Thank you for standing by. Good morning. My name is Anas and I will be your conference operator today. At this time, I would like to welcome everyone to the Silvercorp Second Quarter Fiscal 2027 Financial Results Conference Call. All lines have been placed on mute to prevent any background noise. After the speaker's remarks, there will be a question-and-answer session. If you would like to ask a question during this time, simply press star then the number one on your telephone keypad. If you would like to withdraw your question, please press star then the number two. Thank you.

I would now like to turn the conference over to Lon Shaver, President of Silvercorp. Please go ahead, sir.

Lon Shaver — President, Silvercorp Metals Inc.

Thank you, Anas, and thanks to everyone for joining us on the call today to discuss our Q2 fiscal 2027 financial results. Copies of the news release, the MD&A, and the financial statements are available on SEDAR+.

Before we start, please note that some of the statements on today's call will contain forward-looking information within the meaning of securities laws. Also, please review the cautionary statements in our news release as well as the risk factors described in our most recent regulatory filings.

Let's start with our financial results. As many of you know, our mining operations experienced a production stoppage that began in June. This was related to the China-wide increased safety

requirements imposed by the government earlier this spring following a major mining accident in the country. Our flagship Ying Mining District is back up and running now, which is more can be said for other mines in the region, and the country for that matter, but as we previously disclosed, our Q2 results were impacted.

Revenue for Q2 was $72 million. That was down 13% from last year, primarily due to lower production from China resulting from this temporary shutdown. This was offset somewhat by an 82% increase in the realized selling price of silver, which averaged nearly $60 an ounce after smelter deductions. For the quarter, silver accounted for 76% of our total revenue. It's interesting to note from the market data, Shanghai's silver price increased 72% and that beat London's price increase of 58% and our change of 82% means that our pricing went up faster than either.

We reported a net income of $5.3 million for the quarter, or $0.02 per share, and if we removed non-cash and non-recurring items our adjusted net income for the quarter was $18.4 million, or $0.08 per share, and that compares to $22.6 million or $0.10 a share in the comparative quarter.

Cash flow from operating activities was $63 million and this included the second $44 million draw down on our $175.5 million streaming facility from Wheaton Precious Metals for the El Domo construction.

During the quarter we spent and capitalized about $27 million at our operations in China; $15 million in Ecuador, mainly at El Domo; and $9 million at the Chaarat ZAAV project in Kyrgyzstan.

With our planned increase in CapEx spending at our growth projects and the reduced revenue, our free cash flow for the quarter was $5 million, down 41% from the prior year. But as we advance our growth strategy, our balance sheet remains strong. We ended the quarter with $384 million in cash and cash equivalents. This excludes our investments in associates and other companies, which had a combined market value of $428 million as of September 30th. Subsequent to the quarter end we drew down 50% of our RMB denoted facility, which added an approximately US$112 million to our balance sheet. This will support our capital needs as we continue to advance all of our growth initiatives.

Now to quickly recap our operating results, as we reported in mid-October, during the second quarter we produced approximately 0.9 million ounces of silver, over 1,300 ounces of gold, 7.8 million pounds of lead, and 0.8 million pounds of zinc. Compared to last year, silver, gold, lead, and zinc decreased by 45%, 34%, 45%, and 85%, respectively. Lower production at Ying was due to reduced mining during the safety system improvement work while no mining took place at GC during the quarter. Consolidated mining operating income was $39.9 million in Q2 with Ying contributing approximately 99% of that.

Turning to costs, Ying's production costs averaged $96.76 per tonne. That was up 17% year over year. The increase was primarily driven by three factors: higher unit fixed costs due to a 20% decrease in ore production, an 8% increase in unit mining contractor costs, and a 6% appreciation of the RMB against the US dollar. The increase in contractor costs is an average increase across the seven individual mines at Ying and based on contract renewals this year which began in May and went through September. These new contracts run for a three-year period, providing some cost stability for this time period. Ying's cash cost per ounce of silver net of by-product credits was $2.73 an ounce and that

compared to $0.97 in the prior year quarter. The increase was mainly due to a 43% decline in silver sold, the stronger RMB, and a 22% decrease in by-product credits. The all-in sustaining cost at Ying was $143.87 per tonne, that was up 3% year over year, and on a per-ounce basis Ying's all-in sustaining cost net of by-product credits was $16.11, up 37% year over year, and this increase reflected the same factors impacting cash costs, partially offset by lower sustaining CapEx.

Turning to GC, the operation remains suspended as we work toward bringing the mine into compliance with regulatory requirements; in particular, aligning its actual development with an updated mine design on file with the regulators. We have engaged a qualified Chinese engineering firm to update the mine development and safety facilities design and this is a process that we began earlier this summer even prior to the suspension. The initial process related to the mine classification change process that we have previously discussed which we believe could provide a plan and visibility into increased mining throughput rates in the future was what initially drove that study to be completed. But following regulatory approval of this new design and plan, we expect approximately six to eight months of safety-related construction before obtaining a new safety production permit and we're targeting a resumption of operations in November of 2027, subject to the approvals and the construction progress. In parallel, we have begun to evaluate strategic alternatives to maximize the value and optimize the redevelopment of GC, which may include a partial or complete sale of the mine or some other transaction.

Turning to our growth projects, at Ying, capital expenditures totaled $16.5 million in Q2 for underground development and drilling plus $8.2 million for plant and equipment. At the Kuanping Project north of Ying, spending for the quarter totaled $1.2 million. Mine construction focused on

underground development to access the ore. The project will deliver some nominal development ore to be milled at Ying in this current fiscal 2027. With the capacity expansions at the existing Ying permit areas in Kuanping, we'll have a permitted mining capacity of approximately 1.5 million tonnes per year and we're now working through the process of updating the production safety permits for the expansion projects while Ying continues to operate under its existing permits. In anticipation of higher mine production, we're constructing a new mill, the No. 3 mill. Capital expenditures totaled $1.3 million in Q2 with foundations for the machine shop, crushed ore silo, and main plant now completed, while excavation for the tailings thickener is underway. The mill is expected to add 3,000 tonnes per day of capacity and be commissioned in fiscal 2028.

Switching to Ecuador, at El Domo, we continued to experience very heavy rainfall during what is supposed to be the dry season. This led to some construction delays and slowed our spending, which totaled $14.2 million during the quarter and $84.6 million to date. Despite receiving 620 millimetres of rainfall during the quarter, which was a staggering 489% above the six-year average, we were still able to move over one million cubic meters of material. The most significant impact of the rain has been on construction of the tailings storage facility, as surface water drains toward the low point of the initial dam site. Heavy rainfall has also affected pre-stripping, limiting the supply of quality rock needed for the starter dam. We've put significant effort into improving water management, including additional drainage and diversion systems beyond the original design, to better withstand the heavy rainfall. On a positive note, civil works at the process plant are progressing well as the area is protected by the northeast water channel. Foundations for the plant buildings and major equipment are now completed while pre-fabricated structural steel has been shipped from the factory and the first batch of major, long-lead equipment has arrived at the Ecuadorian port. Construction of the on-site substation and

external power line has also commenced while 10 generators with a combined capacity of 17 megawatts are ready to be shipped to site to provide an independent power supply as required by Ecuador regulations.

At Condor, the Company continued to advance the free, prior, and informed consent consultation and citizen participation process required to obtain the small-scale mining environmental license. On October 9th, MAE, which is the Ministry of Energy and Mines, officially issued a resolution authorizing execution and initiating the FPIC procedures. The process is now in the registration, information, implementation, and consultation stages. In parallel, we me with MAE to discuss launching the PPC. A preliminary site visit is scheduled for the coming days to engage local authorities, followed by a 15-day informative phase from November 30th to December 13th, during which information centers will be established. License documentation will commence only after both the FPIC and PPC processes have been completed, which is expected in June of 2027. Once this license is secured, the Company will commence the development of underground access tunnels into the Camp and Los Cuyes deposits to facilitate advanced underground exploration and resource definition.

In Kyrgyzstan, in Q2, mine construction of the Phase 1 Tulkubash project continued to advance with $4.3 million of capital expenditures. A winterized camp with 110 beds for our site management team and 290 beds for contractors has been constructed and is in use. Since May of 2026 we advanced 1,880 meters of a 15-meter-wide access road and reached the Tulkubash ore body, where pre-stripping has commenced. Just over 100,000 cubic meters were completed in Q2 of fiscal 2027. Site preparation, surface clearing, and earthworks for the construction of the heap leach pad were completed by CRCC19 and the site is now largely ready for drainage and liner installation along with facility construction, which

is scheduled for the spring of 2027 after completion of Kyrgyz local adaptation and legalization of the 2021 Ausenco design as well as contractor selection. Preliminary design for the ADR plant and crushing plants has been completed. The equipment tender bids for the ADR and crushing plants have also started. The tender for the construction contractor is underway and construction is scheduled to begin in spring 2027 with completion and start up targeted for October of 2027.

For the development of the Phase 2 Kyzyltash project, a 50,000-meter drilling program, including both in-fill and step-out, has completed just over 25,000 meters or 4.9 million worth of drilling during the quarter and this is focused on upgrading inferred mineral resources to measured and indicated categories. This drill program is now stopped for the winter season and will recommence with access and contractors coming back to drill in May of 2027.

And with that, I'd like to open the call for questions.

Q & A

Operator

Thank you, sir. Ladies and gentlemen, we will now conduct the question-and-answer session. If you'd like to ask a question, please press star then the number one on your telephone keypad. If you would like to withdraw your question, please press star two. If you are using a speakerphone, please lift the handset before pressing any keys. One moment please for your first question.

Your first question comes from Joe Reagor with ROTH Capital. Please go ahead.

Joe Reagor — Analyst, ROTH Capital Partners

Hey, Lon. Thanks for taking the question. Just two things for me. First thing is, you know, given the impact on cash flowing in fiscal Q2, the updated budget for El Domo, and just the sheer volume of things you guys have going on, do you feel confident that there's no additional capital needs beyond what you have available to you to cover all these projects for the next couple years?

Lon Shaver — President, Silvercorp Metals Inc.

Yeah, no, no, we still feel comfortable with our financial position and our budgets and the only capital that we've talked about is what we've talked about in the past, which would be a nominal raise associated with getting our Hong Kong listing, to facilitate that and to enable some trading liquidity in that market. But otherwise, we're still in very good shape.

Joe Reagor — Analyst, ROTH Capital Partners

All right. That's good to hear. And then do you think that it's reasonable that you guys can make up the majority of what was lost at Ying over the remaining two quarters of the fiscal year or do you think maybe after another quarter you guys might provide like an updated guide?

Lon Shaver — President, Silvercorp Metals Inc.

Yeah, I think the latter point is more realistic. Obviously, we've lost some of that production during the shutdown and the ramp up. Fortunately, we're up and running at a normalized rate. And I would say from a cost standpoint, costs look like they're back in line with guidance but, obviously, we're

looking like we'll be behind based off of, one, obviously, GC being out of the picture here and what was missed during the summer

Joe Reagor — Analyst, ROTH Capital Partners

Fair enough. I'll turn it over. Thanks.

Lon Shaver — President, Silvercorp Metals Inc.

Thanks, Joe.

Operator

Thank you. Your next question comes from Alex Terentiew with National Bank. Please go ahead.

Alex Terentiew — Analyst, National Bank

Hey, guys. Thanks for taking my call. Just a couple quick questions for me.

Looking at the cadence of spending at El Domo and Chaarat, I guess my question is really you spent a little bit less on those projects than I would have expected in the quarter. I mean a lot of work clearly happening actually at both of them. I guess just the question is more are you pretty confident that, you know, you've got a whole lot lined up and the spending is going to pick up? Or the lower spending, is that indicative of, you know, are there potential delays that we could see? Just wanted to get your thoughts on that.

Lon Shaver — President, Silvercorp Metals Inc.

No, I think the plans that have been laid out are pretty straightforward and it was just, from a timing standpoint, obviously, the delays that we've discussed and disclosed at El Domo. But we've got three qualified, capable contractors ready to drive ahead with what those programs are and execute on that, which will increase spending and lead to those draw downs. Similarly in Kyrgyzstan, moving ahead at a pretty quick pace and a lot of activities actually will continue through the winter here. So not expecting or anticipating any further delays. But obviously, this is mining and we'll see what the weather holds for us.

Alex Terentiew — Analyst, National Bank

Yeah, no, I mean obviously it sounds like you guys are putting the plans in place to really pick up development at both projects, so…

Okay. My last question, just on GC. Now that the mine is closed, any sense of kind of what spending or holding costs could be on that as you guys implement these additional safety measures and get it ready to restart or sell or whatever the case may be?

Lon Shaver — President, Silvercorp Metals Inc.

Well, ahead of the actual plan being executed, costs will be pretty nominal, and that's really just sort of care and maintenance costs of a skeleton staff on site. We've moved a lot of the people off to different projects where we could reallocate and reassign them. Don't have an exact number, but it's not anything material here.

Alex Terentiew — Analyst, National Bank

Okay. That's it for me. Thank you.

Operator

Thank you, Alex. This concludes the question-and-answer session. I would like to turn the conference back over to Lon Shaver for some closing remarks.

Lon Shaver — President, Silvercorp Metals Inc.

Okay. Well, that's great. Thanks, operator, and thanks to everyone for joining us today. As always, if anyone has any further questions, we're available to take calls or emails and address any other questions you might have. Wish everybody a great day. Thanks.

Operator

Ladies and gentlemen, this concludes today's conference call. You may disconnect your lines. Thank you for participating and have a wonderful day.